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ABSTRACT

This volume is based on papers presented at a conference of social policy experts that looked at the growth in lone-parent families, the problems that have emerged, and their policy implications. Chapter 1 is an "Overview" (Duskin). Three chapters look at demographic trends over time and over the life-cycle; they are: "Demographic Aspects of the Growing Number of Lone-Parent Families" (Ermisch); "Lone Parent Families and Their Economic Problems: Transitory or Persistent?" (Duncan, Rodgers); and "Analysis of the Dynamics of Lone Parenthood: Socio-Economic Influences on Entry and Exit Rates" (Ermisch et al.). Two chapters explore relative financial responsibilities: "Lone Parent Families: Family Law and Income Transfers" (Maclean) and "Child Support and Public Policy" (Garfinkel, Wong). Three chapters examine barriers limiting the access of the custodial parent to the labor market and adequate earnings: "Obstacles and Opportunities for Lone Parents as Breadwinners in Great Britain" (Joshi); "Labor Force Participation and Earnings of Lone Parents: A Swedish Case Study Including Comparisons with Germany" (Gustafsson); and "Child Care Policies in Comparative Perspective: An Introductory Discussion" (Ergas). The final three chapters concern the role of public income maintenance: "Valuing the United States Income Support System for Lone Mothers" (Ellwood); "Lone Mothers, Social Assistance, and Work Incentives: The Evidence in France" (Ray); and "Support for Lone Parents in Norway" (Askevold). (YLB)

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SOCIAL POLICY STUDIES
No.8

LONE-PARENT FAMILIES

The Economic Challenge

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Pursuant to article 1 of the Convention signed in Paris on 14th December 1960, and which came into force on 30th September 1961, the Organisation for Economic Co-operation and Development (OECD) shall promote policies designed:

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Les enjeux économiques

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The lone-parent family is one of the groups in society most likely to be economically vulnerable, and across the OECD area there is an ongoing debate as to the most appropriate public response to the needs of these families.

In December 1987 the OECD held a conference of social policy experts which looked at the growth in lone-parent families, the problems which have emerged and their policy implications. This volume, which is based on the papers presented at the conference, was edited by Elizabeth Duskin in the Social Affairs Division of OECD's Directorate for Social Affairs, Manpower and Education. It is published on the responsibility of the Secretary-General.

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Chapter 1

OVERVIEW

by

Elizabeth Duskin,
OECD Secretariat

INTRODUCTION

The family, long considered a basic unit of social and economic organisation, has been undergoing significant and rapid change in recent decades. While the traditional family of husband and wife living in one household – with or without children – remains the most frequent type, it has declined as a proportion of all families. At the same time, the less traditional but similarly-structured consensual union has become a more visible and accepted family type, and the numbers of single-person units and lone-parent families have grown rapidly. Of these, it is the increasing numbers of lone-parent families which is causing greatest concern.

Numbers and Trends

The surge in the growth of lone-parent families began in the 1960s in North America, and slightly later elsewhere. Since the early 1970s in some countries, such as France, Japan and Switzerland, numbers have increased relatively moderately – by 20 per cent or less. But at the other extreme, in Great Britain, Australia, and the United States, the increase has exceeded 50 per cent, with the numbers more than doubling in the United States. For the majority of countries, the increase has been between 30 and 50 per cent.

Lone-parent families now typically constitute 10 to 15 per cent of all families with children in OECD countries. Ireland, Japan and Spain have been notable exceptions, with under 10 per cent up to the early 1980s. The United States has by far the highest proportion – about one in four of all families with children.

The driving force behind this growth – separation and divorce – has been strengthened by falling marriage and remarriage rates. Births to women who are not married, although by no means equal in importance in all countries, account for the second-largest group among lone-parent families in the United States – and the fastest-growing one. Widows form the largest group in Ireland and Spain, but in most other countries they are the second most numerous after the divorced. The composition of the group in Great Britain contrasts

with that of its European neighbours: it is most nearly comparable with that of the United States.

But these numbers understate the size of the group in one important respect. Many more adults and children experience lone-parenthood over their life-cycles than are counted at any single time. As a result, lone-parenthood may affect many more people than a snapshot reveals.

In Chapter 2, John Ermisch looks at the growth since the 1960s in the numbers of lone-parent families in several OECD countries, with a focus on the changes in the demographic rates which have an important effect on the numbers of lone-parent families – marriage, remarriage, marital dissolution, and illegitimate birth rates. Based on a review of the evidence, Ermisch foresees a continuing rise in most OECD countries in the number of lone-parent families headed by divorced and separated women; although of less numerical importance, growth in the numbers of never-married mothers is also likely to continue.

The Concerns

The cause for concern about lone-parent families or, more usually, lone mothers and their children, rests in large part on the economic disadvantage that many experience. For some families, lone-parenthood may be a period of emotional and financial difficulty which is serious, but temporary; for others, a solution for economic disadvantage may be elusive. There are at times seemingly intractable problems involved in eliminating or reducing the risk of persistent dependency for many mothers and children – a reality for a number sufficient to reinforce public concern.

There are also ideological concerns which centre on the breakdown of marriage and the worry that the family as an institution may be threatened. Different and more complicated views of the problem emerge, relating in part to the different paths leading to lone-parenthood and public attitudes towards those paths. Hence, from one perspective, the more fragile economic circumstances that may arise out of departures from the nuclear family lead to a definition of the problem as the family structure itself: from the opposite perspective, the problem is low income rather than family structure. One result of the difference in viewpoints is that the degree of public responsibility assumed for the risks involved may vary accordingly. But regardless of how the problems are defined, there is a central area of agreement: the children should not be left unprotected.

Concerns about the decline in numerical importance of the nuclear family need not be only ideological. To the extent that the nuclear family in earlier days was believed to serve as "insurance" against income insufficiency for women and children, the breakdown of the traditional family has increased the number of those at risk. Increasing public concern is in part a result of the widespread and growing prevalence of those risks.

Despite the economic risks, lone-parenthood may also have positive elements associated with it. Changing aspirations, greater individual choice, and an unwillingness to endure an incompatible partnership – along with the freedom to act upon it – may be reflected. But at times, the price may be socially unacceptable: many mothers and their children may suffer financial hardship and even serious deprivation.

In so far as the disadvantages faced by women generally are reflected in the situation of lone-mother families, public concern may also be part of the call for greater equity between men and women in the workplace, in the home, and in the sharing of responsibilities regardless of family structure.

In sum, concern about lone-parent families may arise from a number of quarters. Nevertheless, all perspectives converge on the concern for economically-deprived families and children, particularly when such disadvantage is persistent.

THE FAMILIES

Demographic and Socio-Economic Characteristics

Lone-parent families are not homogeneous: there are important differences in their economic and demographic characteristics and in the circumstances that led them into lone-parenthood. As a consequence, they may also face different problems: some may be a direct result of the change in family structure; others may transcend the change.

When change occurs, different starting points, as well as different paths may affect outcomes. Thus, a disadvantaged economic background may make a change to lone-parent status more precarious than does a more advantaged prior position.

Viewed at a point in time, other characteristics, such as the size and age composition of the family, may also affect their economic status, particularly a mother's availability to work in paid employment. Lone-parent families tend to have slightly fewer and older children than two-parent families, but there are wide variations within both family types. Aside from the difference in family structure, the slight differences in other demographic attributes between two- and one-parent families fail to explain the significant differences in economic circumstances and in labour market behaviour.

Although responsibility for a large or a very young family may inhibit employment, an important difference between family types is that a greater proportion of lone mothers in the OECD area are at work than are their married counterparts. But there are exceptions, for example in Australia, Belgium, and the United Kingdom. The proportion of lone fathers at work, however, is about the same as for all other males. Among lone mothers, the never-married tend to have the highest participation rate; widows the lowest, although here, too, there may be exceptions. For most countries, the participation rate of lone-mothers is parallel to, but about 10 to 20 percentage points above that for all women. And it is above that for married women by even more.

Despite the high frequency of lone mothers in paid work in most countries, a significant proportion of them have low incomes. However, lone mothers fare differently in different countries. In addition, the economic distance between lone- and two-parent families or other groups such as the elderly, also varies across countries. Speculatively, the disparities may be accounted for not only by differences in the work behaviour of lone mothers, but also by national differences in the organisation of the welfare state and in levels of social spending.

Transitions in Status

There are several paths into lone-parenthood: marriage and childbirth with subsequent widowhood, separation, divorce, or childbirth without marriage. Multiple events may lead to an exit from or re-entry to lone-parent status: reconciliation, marriage or remarriage – with or without more births; repeated or new events of widowhood; separation and divorce; and, eventually, the growth of children into adulthood.

It is revealing to observe the passage of women and their children through changes in family composition and economic status over time. Chapters 3 and 4 provide this opportunity with respect to families in Great Britain and the United States.

In Chapter 3, *Lone-Parent Families and Their Economic Problems: Transitory or Persistent?*, Greg Duncan and Willard Rodgers show that the answer to the question in the title is not a simple one. The Panel Study of Income Dynamics (PSID), a 16-year longitudinal survey of a representative sample of U.S. households, permits a glimpse of both lone-parent and two-parent families. When viewed dynamically, simple dichotomies between family types break down: close to one-third of all children live in both two- and one-parent families and a similar fraction spend some but not all of their childhood in poverty. But a majority of children (54 per cent) who have spent time in lone-parent families do so for less than six years and only about one-tenth do so for the entire period of childhood: in this sense the phenomenon of lone-parent families is best characterised as transitory rather than persistent, especially for white children. Among black children in the United States, the period is often much longer.

Duncan and Rodgers also explore links between the absence of a parent during childhood and the economic status of children. The conclusions may not be surprising: the link between lone-parent family structure and economically disadvantaged children is strong – whether compared to two-parent families, a family's former status, or to average achievement levels of children over the long-term. What may be more surprising is the evidence which suggests that, while certainly important, family structure changes are less vital than low wage rates or other labour market events in accounting for poverty among children or the difference in the economic status between white and black children. Further, the authors suggest that below-average achievement of many children who spend a substantial portion of their childhood in a lone-parent family appears to result from lower family incomes rather than the family structure.

In Chapter 4, John Ermisch, Stephen Jenkins and Robert Wright look at the flows into and out of lone-parenthood, primarily focusing on mothers who had been married at least once – the vast majority of lone parents in Great Britain. The authors ask: what are the characteristics that "select" women into lone-parent status and, conversely, out of it? The demographic and work histories of over 5 000 British women aged 16 to 59, which were collected in the 1980 Women and Employment Survey were used to help answer the question. The evidence suggests that the risk of marital dissolution is not critically related to whether a woman's preparation for economic survival as a lone parent is better or worse than average, although there may be a slight tendency towards the selection of those in worse circumstances. On the other hand, the factors influencing the likelihood of remarriage tend to select out of lone-parenthood those in better economic circumstances – leaving behind those women who are the most economically disadvantaged. Thus the asymmetry of entry and exit flows may have a critical effect on the composition of the stock of lone-parent families.

Moreover, a striking observation in both Chapters 3 and 4 is that the most typical route out of economic adversity for lone mothers is marriage or remarriage. Coupled with the evidence presented in Chapter 4 that the process is highly selective, it also may be concluded that a significant proportion of lone mothers lack relevant work experience and qualifications; are ill-prepared to earn an adequate income; are the least likely to marry or remarry, and, as a consequence, are likely to be the core group who are economically deprived.

An important observation emerges from the selective nature of the movements out of lone-parent status. Over time, as lone-parent families become more numerous, and as the

process selects out from lone-parenthood those with the highest potential for self-sufficiency, there may be an increasing concentration of the poor among the group. The asymmetry of entry and exits from lone-parenthood may help to explain why those countries which have had the longest experience of high rates of growth are indeed also those which display the largest proportion of lone-parent families in poverty. This cumulative effect may have serious implications for all countries.

Summary Observations

Although details differ from country to country, several generalisations seem likely to be valid across countries:

- Female-headed lone-parent families are at risk of economic disadvantage – for some, relative to their previous situation, and for others, in absolute terms.
- Second, earnings, although important, are not a guarantee that the disadvantage will not be perpetuated. This may not be surprising, it being well documented that women are concentrated in lower-paid occupations and have the dominant share of part-time employment in all OECD countries.
- Third, an important distinction among lone mothers – perhaps the most important one – is related to earnings capacity: this includes differences in educational attainment, training and skills, and prior work experience. Not only are these indicators of earnings potential, but they may also pre-ordain other life-chances, such as marriage or remarriage.
- Fourth, for many women – perhaps the majority – lone-parenthood is transitory, but not insignificant in duration; these are the women who are more likely to have attributes related to higher earnings capacity. The groups that remain may require different or more intensive assistance, or may require it for a longer period.
- Last, there is an inherent conflict in the dual responsibility for the financial well-being of the family and the care of dependent children. Working time may be limited, or the costs of working high. This too suggests that, for many, earnings alone may not be enough.

Thus, the problems faced by lone-mother families stem from a variety of causes: the lack of support from the absent parent, the inadequacy of earnings or the inability to work at all whether due to personal attributes, labour market characteristics or domestic responsibilities, and other limitations on work effort or the returns to working, or some combination of them. Public policies and income support systems, whether by acts of omission or commission, are at times inadequate to the task of assisting lone-mother families.

THE PUBLIC ROLE

It is generally agreed that there is a public role: all OECD countries have systems of social insurance and social assistance, and lone-parent families – or many of them – are beneficiaries. Yet, in modern industrialised countries in which a woman who has children and who does not work is becoming the exception rather than the rule, societies are less inclined to agree that the lone mother ought to remain outside the labour force indefinitely.

Policies that are consistent with working, meeting the financial needs of the family, and managing other family responsibilities are also the exception rather than the rule.

What is the public role in reducing the economic risks to lone parents and their children? The answer involves improving the income potential from various sources – both public and private – in an integrated manner that results, at a minimum, in income adequacy. What is adequate is a judgement that may well differ across countries; what is possible may also differ.

The rapid growth of the group, and its likely continued growth in many countries, raises not only concerns about the families themselves, but also difficult social, economic and political questions regarding, for example, growth in government expenditure at a time of fiscal constraint. Thus, both for the families involved and the taxpayer, public strategies must be perceived as effective, fair, and affordable. The high visibility of lone-parent families as an item on the policy agenda of many governments suggests that the search for such strategies in the OECD area is still in process.

The subsequent sections of this chapter address the income sources generally available to the lone-mother family and the frequent impediments to the realisation of income adequacy. In general, the disadvantages experienced by lone mothers and their children arise from two sources: the difficulties in meeting the responsibilities of parenthood when existing resources are not or cannot be pooled; the limited options and unlimited conflicts encountered when resources are not adequate.

The first set of policy issues therefore relates to defining relative responsibilities when children are involved and separate households are maintained by the parents. Questions arise when responsibilities are unfairly defined, or cannot be met because of income insufficiency, or when income is sufficient, responsibility is nevertheless abrogated by the non-custodial parent. These issues are explored in the domain of family law and related public policies.

A second set of issues relates specifically to the responsibilities of the custodial parent. Clearly, there is a responsibility to care for the children, but there may be, and often is, a concurrent responsibility for the family's financial well-being. The inherent conflict in these roles may be made better or worse by the degree to which the absent parent participates in sustaining the family, as well as by other circumstances which affect the options of the custodial parent. These issues are examined in relation to the barriers which may limit the access of the custodial parent to the labour market and to adequate earnings.

A third set of issues concerns the role of public income maintenance. How can public authorities help to fulfil the needs of the lone-parent family, while at the same time encouraging and helping the adults involved to meet their responsibilities to their children and to themselves? These issues relate not only to the design of income maintenance programmes, but also bear upon policies and institutions in family law and the labour market.

PUBLIC POLICY AND PRIVATE SUPPORT

Family Law

When a family unit dissolves, the continuing responsibilities of former family members to each other, and particularly to the children, are likely to be influenced, if not determined,

by the provisions of family law. The results usually differ, however, according to the former civil status of the family unit, the degree of judicial discretion, the manner in which the allocation of resources by the court is integrated with public income support measures and by the level of understanding of lawyers, judges and public authorities in general of what is at stake for the parties, particularly when children are involved.

There are differences across countries, and sometimes within countries, in the criteria used in allocating the family resources, in the application of the criteria, and in their enforcement. Nevertheless, a common observation is that most custodial parents and their children do not actually receive any support awarded or agreed upon, or, if they do initially, it does not continue over the intended period. Many women and their children end up worse off than their former partners, with some sufficiently deprived to rely on public assistance.

Although the evidence suggests that the room for improvement is considerable, it is nevertheless clear that changes in allocation do not create new resources: the courts can allocate only what exists. Thus, the margin for improvement is most likely to be found where stable income or claims on income exist; approaches which are based on the poor supporting the poor stand to achieve little. One implication is clearly that family law, by itself, offers most hope to those who come from non-poor backgrounds; a second implication is that there may be compelling reasons to integrate private income maintenance arrangements in some systematic manner with public income maintenance.

Even when viewed as a strategy for the "middle class", there are substantial issues of equity and adequacy. Moreover, it is likely that the public will view other public expenditures for lone-parent families as "fair" and more "affordable" if taxpayers are convinced that private responsibilities have been met to the fullest extent possible.

In Chapter 5, *Lone Parent Families: Family Law and Income Transfers*, Mavis Maclean presents an overview of the role of family law in the allocation of parental resources when a marriage ends – or has never begun. In the country situations reviewed – that of Australia, Denmark, France, Switzerland, the United Kingdom, and the United States – there appears to be general agreement that the part played by family law in providing financial resources to the custodial parent and child is usually small. There are several possible reasons: an absence of enforcement procedures, limits to the resources available to be allocated, and the limits inherent in a case-by-case determination, among others. In addition, new demands are being made which, the author implies, may not easily coexist with the customary role of family law: rather than the resolution of a one-time dispute, what is being asked is "the planning of the financial future for a group of people whose resources and needs may alter over time". Whatever the benefits to lone-parent families that may arise from improved forms of legal intervention, the author concludes that adequate support for these families cannot be achieved solely through the adjudication of private responsibilities.

Spouse support

There is an evident movement in many countries away from continuing support in the case of divorced adults towards a "clean break" arrangement. In principle, compensation in a lump-sum form, either through the division of property, or outside it, rather than a flow of income over time is suggested as recompense for the (unpaid) investments one partner, usually the woman, may have made in the marriage, and the opportunities foregone in terms of earnings and work experience. However, resources may not always permit a lump-sum approach, nor are these approaches necessarily mutually exclusive. Moreover, the

issues in the compensation approach, lump-sum or otherwise, require clarification. According to the criteria of unpaid investments in the family and opportunities foregone, is it only the woman who has not worked who should be compensated, or should be compensated *more* than the woman who has contributed financially *and* in unpaid ways? Does a uniform approach to compensation – for instance, a proportion of the spouse's income or a flat amount – equitably capture differences in the quantity or quality of unpaid investment that result from the length of the marriage, the number of children or skill differences? If not, how should such investments be valued to determine compensation? These issues are under active consideration in a number of countries.

The case of separation also merits consideration. Separation prior to divorce may be a short transition period, but it may also be lengthy and, on occasions, may not terminate in either divorce or reconciliation. Does the legal system provide adequate recourse to support from the absent spouse prior to divorce?

The division of property may also have significance for the economic status of some divorced lone parents. In Chapter 5, Maclean suggests that "property division (is) a relatively unimportant aspect of the financial aftermath of divorce ... equity (in a home is) limited, private pension schemes are free agents, and state pension schemes are bound by strict rules for eligibility through law". The view of property settlements as "relatively unimportant" is arguable.

Although home equity often may be limited and private and public pensions do indeed have their own rules, that does not mean that the loss of potential sharing in pension arrangements is not a compensatable one – without the serious valuation problems inherent in the compensation of a spouse for non-market investments that were of benefit to both partners during the marriage, and perhaps beyond. Here, either lump-sum compensation (e.g. the woman takes the house; the man, the pension), or an actual assignment of a share of the pension income through the courts, when realised, could be accomplished: direct interference with the "free agency" of private pensions, or the "rule of law" applicable to public pensions is unnecessary. Part of the long-term legacy of lone-parenthood through marital dissolution when remarriage does not occur is a disadvantaged old age. It is, in part, the failure of the courts at the earlier stage that leads to the elderly, unmarried woman in poverty at a later stage.

Widows as well as the divorced may share in the legacy of poverty in old age, but not necessarily due to the failure of the courts. Theirs may be the legacy of private and public pension schemes when provision is not automatically made for survivor benefits – most often a problem in relation to private schemes – or when benefit amounts in public or private schemes reflect earlier, outdated earnings levels of the deceased spouse, or when benefits are not indexed or are poorly indexed – again, most likely in private schemes. Therefore, even though the early position of widows is less clearly disadvantaged, on average, than that of the separated, divorced, or never married, for those who have no strong claim on future income from earnings-related schemes in their own right, the prognosis is that any existing gap will narrow; matters will get worse.

Child support

Reliance on judicial hearings on a case-by-case basis to set child support awards is very expensive – to the public as well as to the parent and child; the results may rest on the cleverness of opposing lawyers and the relative skill and experience of the judge and, hence, may not always be fair; results will almost certainly not be equitable across cases. Moreover, there is likely to be differential access to the court process by civil and income status.

As a result, children whose parents divorce are more likely to be awarded support payments than are those whose parents are separated, and both are more likely than the children of unmarried mothers to receive awards, often, in the latter case, due to the failure to establish paternity. Further, the expense of the process – both financial and emotional – will limit the access of those least prepared or able to cope. In all cases, the rate of compliance is below that of awards. As a result, children are often victims of a haphazard process. Accordingly, movement towards a more systematic approach is taking place in many countries, and in others has already taken place.

The issues are not only of a regulatory nature, but also impinge upon the use of the public purse. Public intervention, both as it exists in some countries and as is under consideration in others, may take various forms: setting support guidelines or standards to influence or limit the discretion of the courts in order to achieve greater consistency and adequacy in child support; assuming responsibility for the administration and enforcement of support payments; and still further, assuring the payment of support, through public funds if necessary. Within each area of responsibility – support standards, administration and enforcement, and public guarantees of child support – there are issues which could determine the interaction of support payment from the non-custodial parent with the earnings or other income of the custodial parent, the adequacy of the support to the child, and, ultimately, the effectiveness of public intervention.

OECD countries are at very different stages in deciding these issues. Most, however, appear to agree that legal systems are not adequately equipped to plan the financial future of children without public intervention. It is the scope of public intervention and the details which remain at issue.

Chapter 6, *Child Support and Public Policy*, echoes a conclusion of Chapter 5: adequate income will not be achieved for lone-parent families solely through improvements in private child support. The authors, Irwin Garfinkel and Patrick Wong, argue that in the United States, in order to come close to eliminating poverty and dependency, more than private child support is required – even with realisation of its maximum potential. Nevertheless, there is a substantial contribution that improvements in private child support mechanisms can make, and much of the chapter is devoted to providing details about what has evolved in the United States and what further improvements might be desirable. Examined are issues related to the public enforcement of private support obligations – the establishment of the child support award, the determination of the amount due, and the collection of payments. Similar to overall trends in other OECD countries, the authors observe a movement away from judicial discretion towards systematic application of rules or guidelines, not unlike that of the tax model. The final section of the chapter summarises the debates in the United States and in other OECD countries with regard to further changes under consideration, not only related to public enforcement of private support obligations, but also to public income-transfer systems.

BARRIERS TO EARNINGS

The Benefits and Costs of Working

Earnings lead to self-sufficiency for most able-bodied, non-elderly households, but the connection weakens when households are headed by women, particularly when there are children. Despite relatively high labour force participation rates among lone mothers in

most countries, there are barriers which limit the returns to working. Many relate to problems encountered by women generally across countries: average earnings are below those of men; job opportunities are concentrated in a narrow range of occupations, and female unemployment rates in most countries tend to be above those of men. Hence, women's earnings are both lower, on average, and often more precarious than are men's.

The link between earnings and adequacy of income is weaker still when financial responsibility extends to children. Not only is more income required than in the case of a single adult, but the presence of dependent children may limit working time, partially or completely, depending upon the age of the children. The choice of hours of work, when such a choice is possible, may be contingent on the systematic availability of child care. The lack of adequate child-care options or their high cost may not only limit hours of work, but discourage it completely. Moreover, even when women do work full-time, continuously throughout the year, the costs of child care, among other costs, may leave them with discretionary income that does not meet the needs of the family. Yet earnings remain an important source of income for many, and policies which facilitate employment and higher wages for lone mothers – and for all women – are also important.

When a job is available, it is the wage level, measured against the costs of working, which determines the relative adequacy of earnings – and the incentive to work. But there are costs and benefits of working – or not working – that are at times less obvious than the cost of child care, or the earnings loss in its absence.

The value of a wage rate may be moderated by various forms of supplemental compensation as well as by taxation and other costs of working. The form and structure of these modifying influences may have different effects on different earnings or income classes, or may even distinguish among workers by the pattern and level of work effort. Most are general issues that can and do affect both women and men, but are more likely to affect work decisions and the earnings of lower-wage workers, among whom women – and lone parents – are disproportionately represented.

Supplemental compensation may take a variety of forms: sick leave, vacation time, paternity or maternity leave, health benefits, occupational pension rights, subsidised lunches or leisure time activities, among a host of others – even eligibility for unemployment compensation. On the cost side are work-related expenses, including direct taxes on earnings and income.

In both cases, supplemental compensation and direct taxes on earnings and income, there may be important differences in structure. For instance, if leave to care for a sick child is unpaid, the benefit is nevertheless of value, but earnings may be reduced if a parent is absent from work. If pension coverage or eligibility for unemployment compensation is available only above a minimum number of hours or weeks worked, or above a minimum level of earnings, then only those at or above the eligibility standard will benefit. If direct taxes on earnings (as is the case of most social security contributions) are levied on the first dollar of earnings up to some maximum, then those below the maximum will be disadvantaged relative to those above: if earnings are exempt up to some threshold, but thereafter taxes are levied on the cumulative amount beyond the earnings threshold, then there may be an incentive not to work beyond the threshold hours or earnings. The systems are complex and there may be a variety of rationales for various rules, but there are nevertheless signals embedded in the conditions of work and in taxation systems that may have an important influence on the value of wages, on their adequacy, and hence, on work effort decisions.

In Chapter 7, Heather Joshi notes that increasing welfare dependency has accompanied the rise in numbers of lone-parent families in Great Britain. As of the mid-1980s, a

larger proportion of lone mothers claimed social assistance benefits and were economically inactive than previously. Their labour force participation rate is lower than that of married mothers – a reversal of relative positions prior to the late 1970s – and their rate of employment is one of the lowest for lone mothers in Europe, despite the high incidence of poverty among the group in Great Britain. Yet, the most obvious solution to low income – improvements in the employment and earnings situation of lone mothers – faces "formidable obstacles" in the form of institutional and attitudinal barriers to combining paid work and caring responsibilities. Joshi asks: if a solution exists to the domestic constraints, is paid work worthwhile? Simulation of typical gross wage rates minus the costs associated with working – including any loss of benefits – indicates that, for many lone mothers, take-home pay may not be worth the taking.

In contrast to the despairing view of the potential contribution of earnings to the economic status of many British lone mothers presented in Chapter 7, in Chapter 8 Siv Gustafsson looks at the situation in Sweden and finds it more positive – although not without problems. The labour force behaviour and earnings of women, and in particular lone mothers, in Sweden is compared to those in Germany. The indications are that institutions and attitudes are more favourable for the employment of lone mothers (and of all women) in Sweden than in Germany – and probably elsewhere. The incentives in tax and benefit programmes make the rational choice for a Swedish woman "job first and child next".

Child Care

Access to child care is likely to be a key factor influencing a lone mother's involvement in the labour market and her returns to working. The availability and cost of child care is of obvious interest to all families with children, but access to child care is essential for mothers who work and whose children are not old enough to be left alone. For lone mothers who face both unshared financial and parental responsibilities, the availability of affordable child-care facilities may be imperative in order to meet existing obligations. The growth of women in the labour force, and particularly the large-scale entry of married women – many with young children – supports wider coverage than only lone-parent families; it points to a more general employment-related need with, perhaps, a priority need among lone mothers.

Child-care policies, however, are not usually designed for a special group of users, nor are they designed only to reconcile paid work with family obligations. For example, the largest provider of child care services in virtually all countries is the compulsory school system. It functions as a provider of custodial care, albeit as a secondary purpose. It is therefore unfortunate from the perspective of the working mother that there is little coincidence between the school schedule and the work schedule. There may be ample reason for some lack of equivalence, but how much disparity is actually unavoidable?

Were school schedules to be adjusted, with due regard for both working mother and child, child-care needs would still exist for children of compulsory school age and below. It is the youngest age group that child-care policies most frequently address, yet this has not exhausted the child-care needs of working mothers, particularly when limited hours of work are not consistent with financial needs.

Few countries have comprehensive child-care strategies to assist working mothers. Moreover, the form of public intervention differs among countries, from direct provision of child care services at reduced cost, to subsidies to providers or to parents by direct grants or, indirectly, through the tax system. The structure of the subsidy usually determines the

distribution of services by income class and geographic location. Issues of equity, broad political acceptability, and cost underlie choices made; those choices, in turn, affect the relative accessibility and affordability of child care, and hence, work decisions.

No matter what the approach, no country as yet fulfils existing demand – although some come considerably closer than do others. The general issue in the growing public debate on child-care policies concerns the choice of the most efficient and effective means of meeting the needs of children and parents, consistent with the public interest.

In recognition of the critical link between the availability of child-care services and opportunities for earnings, Chapter 9, *Child-Care Policies in Comparative Perspective: An Introductory Discussion*, examines public approaches to service provision in eight countries: Australia, Canada, France, Germany, Italy, Sweden, the United Kingdom, and the United States. The author, Yasmine Ergas, constructs a conceptual model of child care, family organisation, and the participation of women in paid employment, described in terms of two boundary cases: one rests on maximum private responsibility; the other, on maximum public responsibility. After commentary and analysis by the author and annexes which provide country-specific details, the reader is left to place countries along the continuum between the two philosophical extremes.

Not Working: The Hidden Costs

A lone mother (or any mother) at home with her children is often believed to be in an advantageous situation, particularly when it is a matter of choice, rather than dictated by lack of adequate child care or of job opportunities or other constraints on working. The implication is that the advantages outweigh the foregone earnings. But the cost to the mother of an interruption to labour force attachment is far greater than the wages lost. Work experience and on-the-job skill enhancement are lost, and existing skills deteriorate, eventually becoming obsolete. As a result there is a loss not only of earnings, but also of earning capacity. Labour force re-entry is often difficult. Therefore the decision not to work may cost more than is immediately apparent.

The relatively high cost of not working suggests that the affordability of child care is also often miscalculated, particularly when the cost of child care prompts the decision not to work. Of course, child care can be paid for only from current income, and not from potential earnings. But in terms of social accounting, a higher subsidy than is available from public sources may be justified.

Work for Whom?

The strands of evidence confirm both the value of working for lone mothers, and the difficulty in doing so, in part due to the conflict in roles when there are children, and in part due to the relatively low returns to available work. Despite the difficulties, many do work, and in almost all OECD countries, with greater frequency than their married counterparts. And those who do not work at one stage are quite likely to work later on. In most industrialised countries, the likelihood that a woman will never work is relatively infrequent and becoming more so. For the woman who is the lone adult in a family and remains unmarried, it is almost certain that work at some point will be a necessity. Thus, the probability that almost all lone mothers who are not currently employed will enter or re-enter the labour market is high.

For those who enter lone-parenthood with existing skills and experience that enable them to compete successfully in the labour market, the issue is the retention and continuing improvement of their competitive edge. For this group, the availability of appropriate and affordable child care may be the primary supporting policy required.

There are, however, those who come to lone-parenthood with existing disadvantages: low educational attainment, few, if any, skills, and little or no relevant work experience. For this group, lone-parenthood exacerbates an existing problem, but does not, by itself, create it. This group represents the core among lone parents of the long-term disadvantaged, those who are less likely to attain self-sufficiency through their own efforts and are also less likely to marry or remarry. Working as a way of meeting the responsibilities associated with children, financial and otherwise, takes on different dimensions for them. Affordable child care may be a necessary condition, but is hardly sufficient in the absence of employment-related skills and experience. Consequently, an investment in improving their "human capital" – and the time and income required to do it – may be necessary.

ISSUES IN PUBLIC INCOME MAINTENANCE

A third set of policy issues concerns the role of public income maintenance. The problems of lone-parent families include not only the difficulties in meeting the responsibilities of parenthood when the resources of both parents are not available, but also the difficulties for the custodial parent in compensating for that income loss through paid work. Many lone mothers nevertheless do work, despite the limitations and conflicts. And many societies expect lone mothers to work, particularly when social assistance is the alternative. Yet social policy across OECD countries has not always developed so as to deal coherently with these realities.

Earlier, when marital dissolution was less frequent and births out of wedlock more unusual (and less commonly admitted), the dominant group of lone parents consisted of those who had lost a spouse through death, usually premature death. The social reaction was likely to be sympathetic with a willingness to be of help. The widow was frequently no longer young, was less likely to have worked than women today, and if she had worked, probably left her job after marriage or the birth of her first child. She was not expected to work thereafter; her first duty was to her children. This remained so after the premature death of the spouse. The widower, on the other hand, was expected to continue in his role of breadwinner and, if possible, to remarry in order to meet other obligations to home and family.

Although this picture is not fully in accord with the evidence in all countries, it nevertheless is the stereotype according to which many public systems were (and are) based. The widow and children are usually included in social insurance schemes; the obligations of the deceased spouse are met, at least in part, even after death, through the public income transfer system. Whether or not the widow chooses to augment her income through paid work may be of little concern to public authorities.

Lone-parenthood through other than the death of a spouse frequently is not seen in the same light as are widows. Whether due to an underlying sense of disapproval, or a perception that an inherent voluntary element mitigates public responsibility, or whether due to concern about the potential costs of public support, or other factors, the result is a degree of

ambivalence about what is expected of lone mothers: are they to stay at home and take care of children, or to work?

Times have clearly changed, just as the composition of lone-parenthood has changed. Women are more commonly in paid employment, many with young children. Obligations to children on the part of parents who work have not been discarded; neither are they always satisfactorily resolved. Just as lone-parents may be in a position of conflict when faced with dual responsibilities, so may public income maintenance systems exhibit elements of the same conflict. On the one hand, an incentive for lone parents to move towards greater economic self-sufficiency may be desirable; on the other, public income maintenance, if it does indeed maintain the family, may conflict with work incentives. "Generosity" may conflict not only with work incentives, but also with another goal – minimising public expenditures. How do countries resolve these conflicts?

Differences both of philosophy and of detail have emerged in the evolution of national social security systems. For some countries, the primary focus among the non-aged may be on family policies, often based on the view that public involvement in child support through a system of universal family allowances contributes to the cost of raising children and represents a social investment in the next generation; in others, redistribution to correct income inadequacy, or to achieve less relative inequality, using a concept of a social minimum, may be the philosophical path; and in yet others, perhaps the majority, both philosophies may be present.

As a consequence, the income that is available to the lone-parent family from public sources in different countries may be based on any number of circumstances: low income; the presence of children; the family structure itself or the cause of a change in family structure; or loss of income through involuntary events such as unemployment, invalidity or death of spouse. The possibilities are neither mutually exclusive, nor exhaustive. Nor is each necessarily sufficient by itself to determine eligibility: a combination of elements such as family structure and low income or presence of children and age or number of children may define eligibility. Each possibility or various combinations of them exists in some countries; most of them exist side-by-side in almost all countries.

There may be differences, however, in their form. Some may be provided as social insurance; some as social assistance; some through the taxation system. At times, when more than one benefit is possible, benefits may cumulate; in other cases, the presence of other transfer income or earnings may alter eligibility or benefit levels. Both the overall adequacy of public benefits and the incentives to work on the part of the parent may be affected by the interaction of various benefits, and in particular the relationship of public benefits to income from earnings. Just as the conditions of work may affect the value of a wage rate, the conditions attached to public income transfers may also affect it. If the cost of working is loss of other income, then the value of earnings is reduced, as is the incentive to work.

The choices and incentives are further complicated when other non-cash benefits are available, contingent upon eligibility for public cash benefits – housing assistance, health care, or other necessities that are otherwise costly or difficult to obtain. If additional earnings cause loss of multiple benefits which may exceed the value of the money earned, then the choice is clear: it is effectively irrational to work more or, under some criteria, to work at all.

If retention of work incentives for lone parents is the priority, then the logical conclusion is to minimise the costs of working and maximise the returns to working. If income adequacy is the priority, then the same precepts related to work incentives remain valid, but generosity of public income transfers becomes paramount. Under some circumstances,

permitting all forms of income to cumulate, regardless of source, is consistent with both priorities, but is more likely to be consistent with the latter over a wider range of income. The solution that is most clearly consistent with both goals – work and adequate income – is to target benefits on children. But other questions may arise: All children? Or if not, whose children? Those who cannot meet their financial obligations? Or only those in default of their support obligations? If the choice among children is related to family income, then many of the problems discussed above reappear. If all children are included, but the allowance is low, other measures may be necessary for families with low income; if the allowance is high, then both issues of work incentives and public costs re-emerge.

Solutions in terms of principle abound. It is the details of those solutions which present major difficulties. For the most part, decisions are likely to emerge from considerations of political accord, economic feasibility and the existing level of development of social programmes.

Chapters 10, 11, and 12 look at the income maintenance systems and the policy issues in the United States, France, and Norway, respectively.

In Chapter 10, *Valuing the United States Income Support System for Lone Mothers*, David Ellwood describes the means-tested cash-transfer system as "an awkward compromise among competing values" and "a system that virtually everyone finds unsatisfactory". Written at a time when significant legislative changes were in process in United States policies towards lone-parent families, the chapter focuses, first, on an analysis of policy alternatives and, then, on prescriptions which treat causes rather than symptoms. In the author's view, policies which treat the reasons why people lack money, rather than just their lack of money, are more likely to lead to solutions that are consistent with American values: autonomy of the individual; the virtue of work; the primacy of the family, and the desire for and sense of community. Perhaps of particular interest to an international audience is the thoughtful exposition of the value precepts which Ellwood believes underlie the evolution of the United States welfare system, public attitudes towards it, and ways in which, according to him, it often fails the people it is intended to help.

In Chapter 11, Jean-Claude Ray looks at the lone-parent allowance in France and its effects on the work behaviour of lone mothers. This relatively generous allowance has been the focus of discussion about policy for lone mothers. In public debate, it is criticised as being a disincentive to work, to marriage, or even to cohabitation; it is argued that it promotes a social assistance mentality and encourages illegitimate births. The author notes that all the elements contributing to a total disincentive to work do seem to be present in the design of the programme. Yet many lone mothers do work, even when their net income is reduced. This apparently contradictory behaviour is explained by a model which allows for expectations.

In Chapter 12, Odd Helge Askevold reviews the assistance available for lone-parent families in Norway. In many respects, the system as described has features that are prescribed by Ellwood (Chapter 10) and Garfinkel and Wong (Chapter 6): there is a public guarantee of the amounts due from the absent parent and advance payment of those amounts; the system is integrated with the national social insurance scheme, thereby making benefits available as a matter of right on a systematic basis, nation-wide, to all who are eligible; as part of the lone-parent scheme, different types of benefits are available which may be used to permit a choice between staying home until the youngest child is ten years of age, studying, or working, or some combination. As in many other countries, a central objective of the scheme is eventual self-sufficiency through paid work. Yet, in Norway, questions remain with regard to the adequacy of benefits for some within the lone-parent group, and the fairness of the distribution of benefits.

Is Family Structure the Problem?

The role of public policy often centres on the view taken of the nature of the problem. Complications arise when there are fundamental values at issue regarding, for example, responsibilities to children, the role of women in the family and society, and the family as an institution. But from a social policy perspective, the changes in family structure may not be the root problem: many of the changes are themselves constructive. The "richness" of family life, broadly interpreted, is not necessarily related to family form. The challenge to public policy is to find alternative means of protecting individuals and families of all types against the vicissitudes of life when changes occur.

The problems of lone-parent families themselves are similar to those of each of the larger groups to which they may belong – families, the poor, women, children, the employed and the unemployed, as well as all groups that experience disadvantage or disruption in life-cycle patterns. It is the compounding of economic difficulties that results in a high probability that a lone-parent family will also be a poor one. Poverty rates among lone-parent families are often higher than those in the general population or those in the sub-groups from which lone parents originate. Lone-parent families are a minority of all families, but the universe of those who are at risk includes most individuals in society.

Thus, the nomenclature "lone-parent family" implies a homogeneity within the group that is frequently not there, and disparities between this and other groups that also are often absent. The characteristic which both unifies and distinguishes the group is the presence of children; it is the children who are among the prominent concerns attached to the phenomenon of lone-parent families.

In sum, the problems go beyond designation as a family type. That many people face disadvantages which may not be ameliorated without assistance from others or from the State is not new: what is relatively new is the heightened awareness that an increasing number of the disadvantaged are women and their children. A change in family status may be the catalyst that reveals underlying economic vulnerability; it is the vulnerability to economic disadvantage that is the problem.

Solving the Problems

The children

The financial obligations of parents to children continue even when marriages dissolve or are never formed. Despite general agreement on this, without public enforcement, support from the absent parent is also frequently absent. As a result, the corner-stone of many national public policies concerns enforcement of private financial responsibilities, often with public guarantees of a minimum payment to be collected from the non-custodial parent, usually the father, thereafter.

The merging of private and public responsibilities in this manner is a recognition of the need for systematic and stable family income. Even when certainty is guaranteed, family income may be insufficient if it is limited to the financial ability of the non-custodial parent. Consequently, public enforcement of private responsibilities on the part of the absent parent, although important, does not exhaust the public role.

Moreover, children do not exist independently of adults: the well-being of a child is inextricably bound up with the well-being of the parent or guardian. Therefore, policies which are intended to serve the interests of children must also serve those of the adults involved.

Lone mothers and paid work

For the lone-mother family, as for other families, self-sufficiency is a pre-eminent goal, but one that is not always easily attained. Public policies which help mothers to reach that objective are often needed, and those which aim for a balance among competing responsibilities are particularly important.

Therefore, even though it is generally agreed that lone mothers should work in paid employment, it may be necessary and even desirable to have support systems which permit periods of labour market inactivity or part-time attachment to the labour force, while at the same time, encouraging and facilitating paid work over the life-cycle. Thus, what may be needed is a combination of policies which integrate public income support, perhaps as a transitional mechanism, along with direct employment-related assistance through education, training, counselling, job search and, perhaps, public job guarantees when other efforts fail to generate employment. Accessible and affordable child care that is appropriate to the needs of children and parents is also essential, as are parental leave provisions.

Facilitating patterns of work over the life-cycle that are favourable to dual responsibilities is part of any solution : equal access and equitable returns to working are also important objectives. The "insurance" against income insufficiency that is lost when the traditional family breaks down may be replaced by "self-insurance" through investments in earnings capacity if the necessary conditions are present.

Policy co-ordination

Throughout there is a need for policy consistency. There are conflicts in the responsibilities of family members – and here not only the lone mother or only women are at issue – and policies too often reflect rather than resolve those conflicts. Too narrow a view of respective policy goals may prove contradictory and, ultimately, ineffective but costly.

The need for policy consistency implies a need for policy integration. For example, policies which actively encourage employment, but which are not complemented by, for example, the provision of child care, may in fact offer no real choice; public income support which is posited on a lack of gainful activity, either in paid employment or in improving earnings capacity, may succeed only in making desirable activities too risky; in general, policies constructed as short-term expedients may be inconsistent with longer-term objectives.

Targeting

Preferable policy approaches are those that are oriented towards causes rather than towards a family type. The diversity of the group and the broad spectrum of their potential disadvantages – often crossing policy jurisdictions – suggest that targeting policies on lone-parent families may not always be the most effective or equitable path. Moreover, multiple but discrete programmes for different groups which, nevertheless, have a shared goal (for example child care) may be inefficient.

Perceptions of unfairness may jeopardise public willingness to support the policies in question. The difficulty of political acceptability would be reinforced if there were concern

about the relationship of the growth in the lone-parent family type to targeted social policies.

The general implication is that policies should, whenever possible, be directed to specific problems. It may nevertheless remain appropriate to give priority to lone-parent families in situations in which "second best" solutions are expedient.

General Conclusion

Lone-parent families experience many problems which, singly or in combination, may also arise for members of the larger community who are economically vulnerable. The distinct concerns regarding the group emerge from the growth in their numbers, the likely increasing concentration of low income units among lone-parent families, the compound disadvantages they face, and the presence of children. The paucity of paths out of economic disadvantage underlies the case for public intervention.

The general policy implication is that, in addition to short-term remedial policies, it may be cost-beneficial in the long term to reinforce measures to prevent economic vulnerability, particularly those that alleviate labour market disadvantages across the general population, and those of women in particular. Labour market disadvantage and potential dependency on the State represent a cost, but not the only one: the loss of productive resources is also a cost borne by all society and is a bequest to its children.

Chapter 2

DEMOGRAPHIC ASPECTS OF THE GROWING NUMBER OF LONE-PARENT FAMILIES

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INTRODUCTION

Over the past 25 years there have been striking changes in the composition of households and families in OECD countries. In all countries, the archetypal Western household of a married couple and their dependent children has diminished in numeric importance. While the decline partly reflects the fall in birth rates which has occurred in almost all OECD countries, there has been only a small increase in the proportion of households consisting of a married couple, with or without children – in the United States, no increase at all. The type of household that has been increasing in number most dramatically is that consisting of only one person; the second type which has shown a significant increase has been the lone-parent family.

In the early 1980s, one-person households constituted a fifth or more of all households in the OECD countries of Northern and Central Europe and North America, making up, for example, roughly a third of Swedish and 30 per cent of German households, respectively. Twenty years earlier, they constituted only an eighth of all households in North America, the United Kingdom and the Netherlands. In Japan, the percentage of one-person households rose from six per cent in 1960 to 16 per cent in 1980. However, of families with dependent children those headed by only one parent have also become an increasingly significant proportion over the past 25 years.

This chapter describes the trends regarding lone-parent families, examines related traditional demographic rates, and, in general, indicates the demographic context in which their growth in numbers has occurred. Next basic concepts and definitions are introduced, followed by a discussion of the lone-parent group – their numbers and the trends in selected OECD countries; the underlying demographic rates primarily responsible for their increase, and their demographic characteristics. Brief comments on future trends conclude the chapter.

CONCEPTS AND DEFINITIONS

The number of one-parent families at a given point in time is governed by the rates of inflow and outflow from the state of lone-parenthood. Because the latter rate is inversely related to the duration of lone-parenthood, the number of such families depends on the rate of inflow and the average duration in status. When the rates are constant over time, the proportion of families with children that live with only one parent is approximately equal to the product of the rate of inflow to lone parenthood and the average duration. The rate of inflow and the average duration, in turn, depend on traditional demographic rates. For instance, if we were interested only in lone-parent families resulting from divorce, the rate of inflow would be the divorce rate among mothers and the average duration would depend on the remarriage rate for divorced persons with children.

Lone-parent families can be formed by a birth outside marriage or a consensual union to a childless woman, the death of a parent, the separation of parents, as well as by divorce. This means that a large number of demographic rates play a role in determining the total of lone-parent families. These include the first marriage rate of childless women, first birth rates of women inside and outside marriage, and the marital dissolution rates of mothers and childless women respectively, as well as their respective remarriage rates.

The demographic rates of primary importance, however, concern the divorce and remarriage rates of mothers, the first birth rate outside marriage and the marriage rate of single mothers. The other rates mentioned previously help determine the populations "at risk" of experiencing these events, for example, the number of single, childless women and the number of married mothers. The terms marriage and remarriage should be taken to include the formation of consensual as well as legal unions; divorce – to marital dissolution, including separation. Most statistics, however, only refer to the legalised union formation and dissolution. Thus, for statistical description of trends in demographic rates, the ideal concepts of union formation and dissolution must be set aside.

As usual with comparisons across countries, definitions do vary. According to common usage, a lone-parent family consists of a parent with her or his dependent children, either living as a separate household or in the household of others, for example, with the grandparents of the children. The largest variation in definition concerns the specification of a dependent child and whether lone-parent families living in the households of others are to be counted. The appendix briefly describes the definitions that lie behind the estimates of one-parent families which follow. In light of the variation in definition, caution should be exercised in comparing the incidence of lone parenthood and its rate of increase between countries.

LONE-PARENT FAMILIES: THE EVIDENCE OF CHANGE

Demographic Trends

Among the countries for which information is available both prior to and after 1970, there is evidence of a marked acceleration in the growth in the number of lone-parent families in the later period. However, in contrast to many other countries, the United States experienced fairly rapid growth in the number of lone-parent families in the 1960s, although the rate of increase has been much faster in the more recent period. Japan, at the

Table 2.1. **Changes in the incidence of lone-parent families**

	Number	Index	As % of all families with dependent children
Belgium			
1970	167	100	
1981	213	128	12.3
France			
1968	720	100	9.5
1982	887	123	10.2
Germany			
1972	707	100	8.0
1982	927	131	11.4
Great Britain			
1961	474	83	
1971	570	100	8.0
1984	940	165	13.0
Ireland			
1975	22	100	5.6
1981	30	135	7.1
Japan[1]			
1961	1 029	164	
1973	626	100	3.6
1983	718	115	4.1[2]
Netherlands			
1960	177	88	9.3
1971	202	100	8.9
1981	309	153	12.3
Sweden			
1960	91	93	9.0
1970	98	100	9.6
1980	144	147	14.2
Switzerland			
1960	99	93	11.6
1970	106	100	10.4
1980	124	117	12.0
United States			
1960	2 786	73	11.0
1970	3 808	100	13.0
1984	8 544	224	26.0

1. Indicates numbers, does not include lone fathers.
2. Percentage was 5.1 including lone fathers.

other extreme, was dominated by absolute declines in all households without an adult male prior to 1967. The rapid post-war reduction in Japanese mortality undoubtedly played an important role by reducing the number of widows. Nevertheless, Japan, too, has shown an increase in lone-mother households in the post-1967 period.

A change in absolute numbers, however, is not a preferred measure of the incidence of lone-parent families. As a consequence of fluctuations in the birth rate, there have also been changes in the total number of families with dependent children. Thus, it is more helpful to express the incidence of lone parenthood in terms of its proportion of all families with dependent children. Using this measure, lone-parent families generally constituted about ten to 15 per cent in the countries of Northern and Western Europe in the early 1980s (Table 2.1). This contrasts with over 25 per cent of such families in the United States and

five per cent in Japan. The incidence of lone-parent families in the predominantly Catholic countries of Spain and Ireland is also relatively low.

From the early 1970s, the percentage of lone-parent families has increased in all of the countries in Table 2.1, particularly in Sweden, the Netherlands, Germany and Great Britain, and most dramatically in the United States where it virtually doubled. Not surprisingly, these are also the countries with rapid rates of growth in the absolute number of lone-parent families during the 1970s and early 1980s. On the other hand, the increase in the incidence of one-parent families among all families with dependent children was small in France and Japan.

Underlying Demographic Rates

A major reason for the rise in the number of one-parent families is marital dissolution. Table 2.2 shows that, with the exception of the United States, the increase in divorced and separated mothers was responsible for the vast majority of the net increase in the number of lone-parent families since circa 1970. Even in the United States, it accounted for most of the net increase in lone-parent families, although the growing number of never-married mothers contributed about 40 per cent of the net increase.

Table 2.2. **Percentage of net absolute increase in the number of one-parent families contributed by each sex and marital status category**

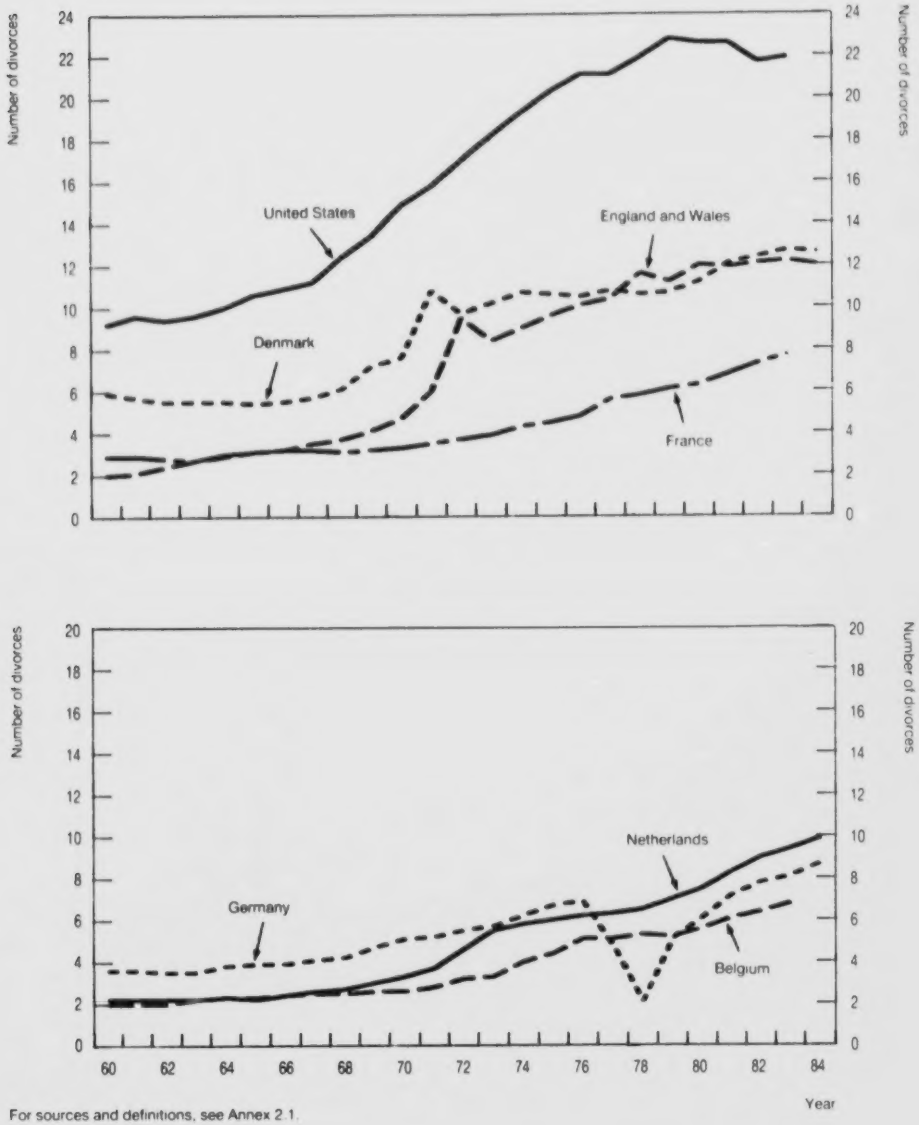
	Divorced or separated mother	Single mother	Father	Time period
Great Britain	71	29	4	1971-84
United States	52	39	12	1970-84
Japan (lone mothers only)	131	14	n.a.	1967-83
Germany	86	13	26	1972-82
France	118	45	- 9	1968-82
Belgium	126	12	-12	1970-81

Sources and Definitions: See Annex 2.1.

Clearly, divorce and remarriage rates are the demographic determinants of the number of divorced mothers heading lone-parent families. The divorce rate is, however, particularly important because it has risen dramatically and because the impact of the remarriage rate on the proportion of lone parents who are divorced rises with the divorce rate. Thus, if the divorce rate is low, changes in the remarriage rate have only a small effect on the proportion of families with a lone parent.

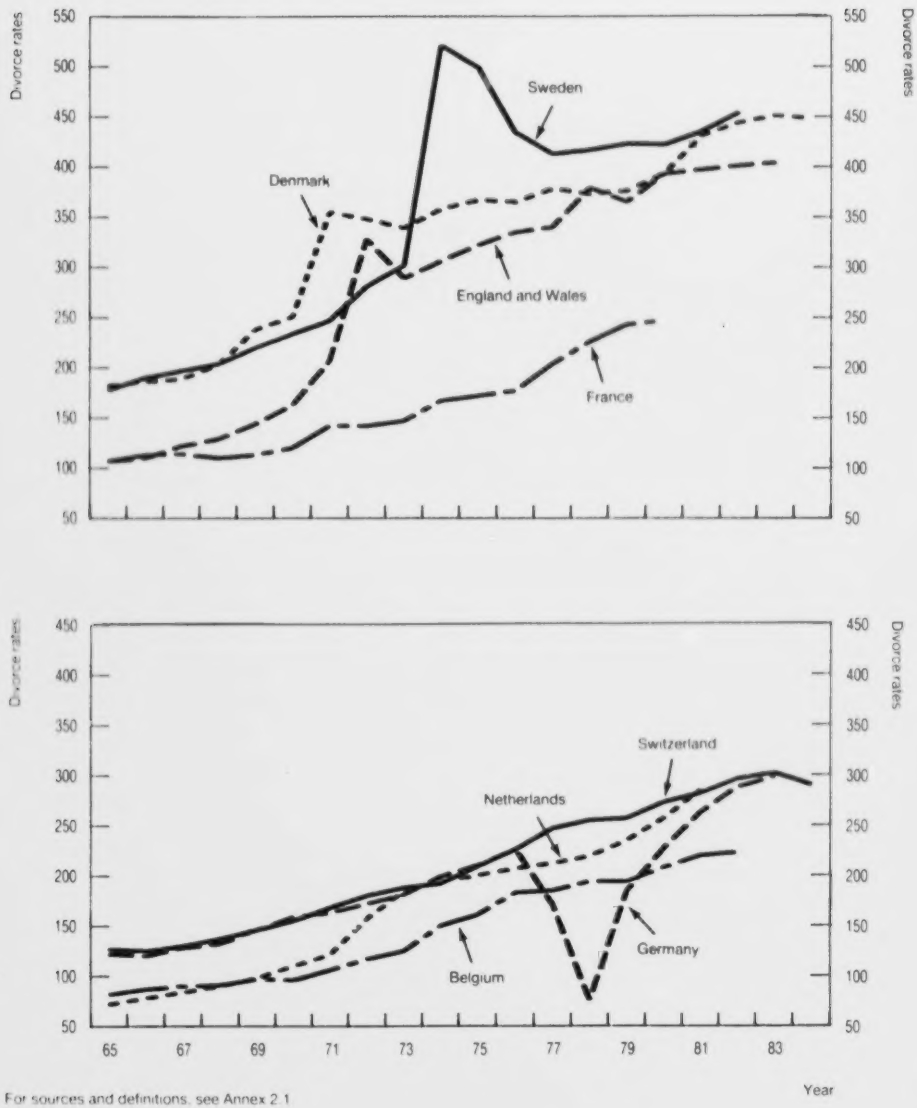
As previously observed, the remarriage rate is inversely related to the average length of time between divorce and remarriage. Holding the average duration of divorced status constant, a rise in the divorce rate increases the number of divorced lone parents. Chart 2.1, which shows the annual rate in terms of the number of divorces per 1 000 of the married population in selected OECD countries, indicates that there was an acceleration in the rise in divorce during the late 1960s. Some countries, such as England and Wales and Germany, amended their divorce laws, causing sharp jumps both upwards and downwards in

Chart 2.1. **DIVORCES PER 1 000 EXISTING MARRIAGES**



For sources and definitions, see Annex 2.1.

Chart 2.2. **TOTAL DIVORCE RATES**
Per 1 000 marriages



For sources and definitions, see Annex 2.1

the annual divorce rate. The trend since the late 1960s, however, has been strongly upwards. The most dramatic trend has been in the United States, despite the fact that the rate there was already higher than in the European countries. There is some indication, however, that the divorce rate may be levelling out in the United States and England and Wales.

Chart 2.2 measures the divorce rate somewhat differently. The measure applied, called the "total divorce rate", indicates the number of marriages per 1 000 that would eventually end in divorce if the divorce rates at each duration of marriage in a particular year were to hold throughout a person's marriage. Compared to the simple measure of Chart 2.1, it controls for the composition of the married population according to marriage duration. Nevertheless Chart 2.2 tells a similar story to Chart 1, showing strong upward trends in the incidence of divorce, particularly since the late 1960s. It should be noted that while the total divorce rate can be simply interpreted in terms of the proportion of marriages eventually dissolving, year-to-year changes in the timing of divorce by marriage duration produce changes in the total divorce rate. Thus, it reflects timing changes as well as the ultimate incidence of divorce, these being particularly important when there are legislative reforms, as the curve for Germany illustrates.

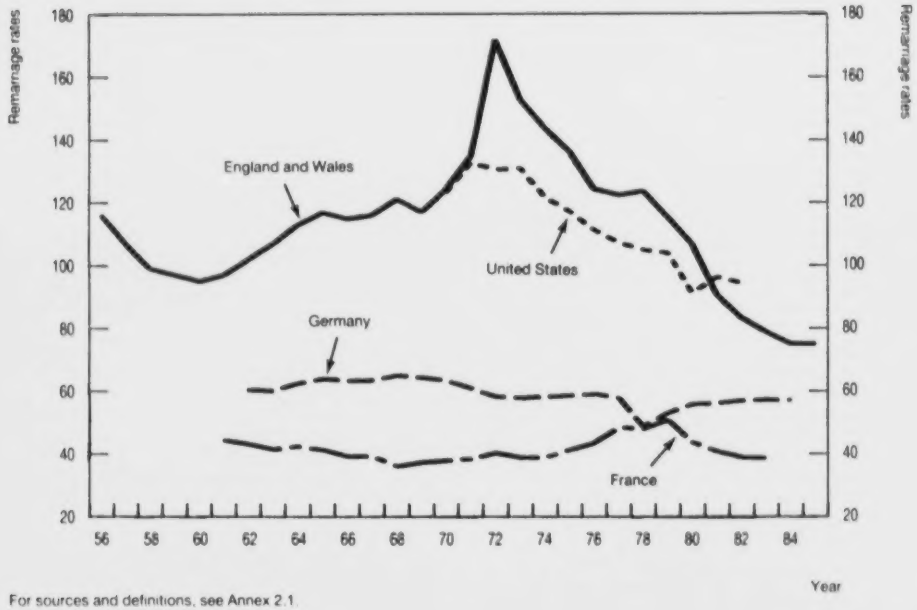
The longer the average length of time between divorce and remarriage, the less is the probability of remarriage and, hence, other things being equal, the greater is the impact of a change in the divorce rate on the number of lone parent families. Chart 2.3 shows that the crude remarriage rate of divorced women, expressed as the number of remarriages of divorced women per 1 000 divorced women, has been much lower in France and Germany than in the United States and England and Wales, although the difference has begun to narrow. Thus, changes in the divorce rate would tend to have a larger impact on the number of lone-parent families in France and Germany.

A decline in the remarriage rate would reinforce the impact of rising divorce on the number of lone-parent families, while a rise in the rate would moderate it. Chart 2.3 indicates that these crude remarriage rates have been declining sharply since the early 1970s in England and Wales and the United States. Some of this decline reflects an almost inevitable fall in the crude remarriage rate resulting from larger flows of divorced persons into the population, which came about because of the acceleration of the divorce rate shown in Charts 2.1 and 2.2. When divorces occur at a more steady rate, as they have been doing more recently in these two countries, the crude remarriage rate becomes a better indicator of the underlying propensity to remarry. Thus, the fall in the remarriage rate in recent years suggests a rise in the average length of time between divorce and remarriage. In these two countries therefore, the decline in the remarriage rate of divorced persons has also been working in recent years to increase the number of lone-parent families. The effect of this decline has, however, been moderated somewhat by an increase in cohabitation without marriage among previously married mothers.

The other important source of lone-parent families is births to childless women outside a marriage or consensual union. In most countries, illegitimate and legitimate birth rates (defined relative to the unmarried and married populations, respectively) have tended to move together over time. Thus, relative to the mid-1960s and early 1970s, illegitimate birth rates have fallen considerably. But the number of childless women producing births outside marriage has risen for two reasons: one is purely the result of the maturing of the European baby boom generations of the 1960s, who reached their "teens" in the late 1970s and early 1980s; the other reason is the decline in first marriage rates during the 1970s.

The movements of total first marriage rates in a number of OECD countries are shown in Chart 2.4. This measure is the sum of age-specific first marriage rates in a given year;

Chart 2.3. **REMARRIAGE RATES**
Per 1 000 divorced women



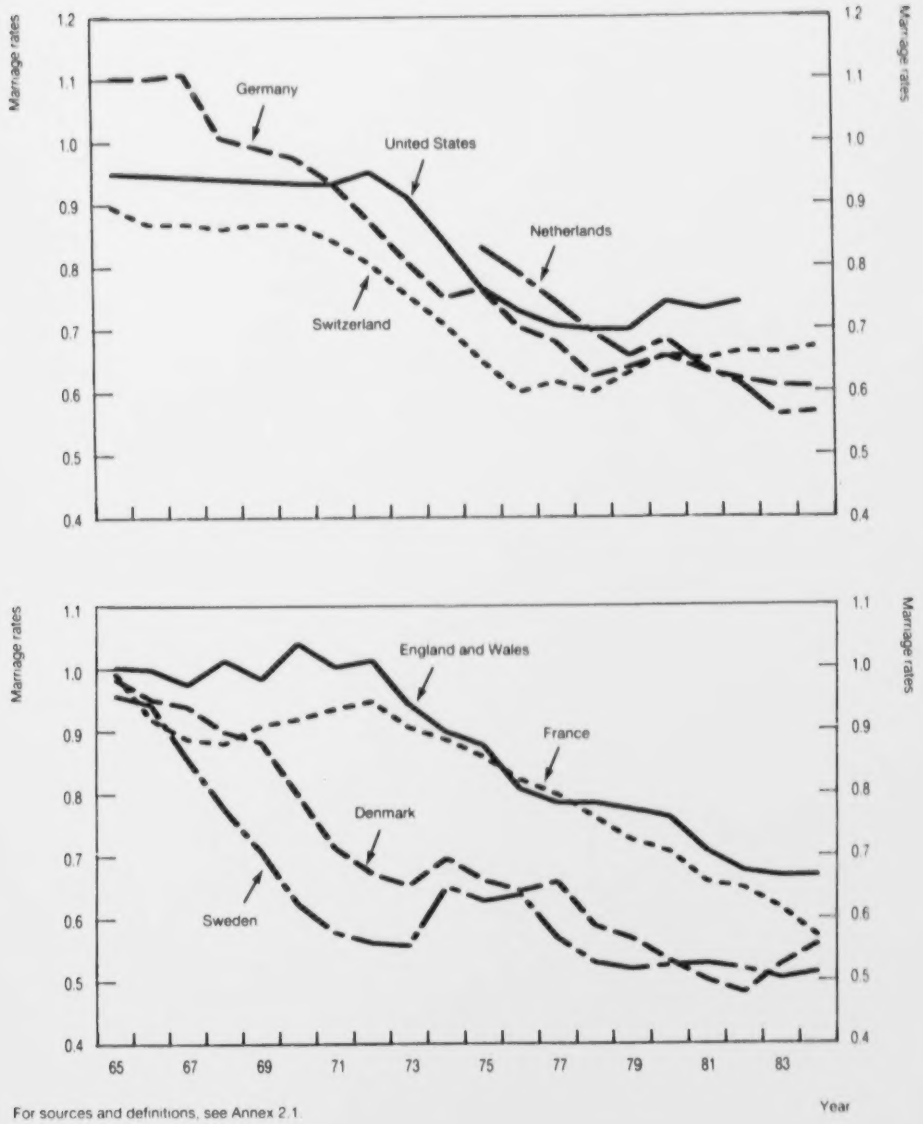
For sources and definitions, see Annex 2.1.

thus, it controls for changes in the age composition of the single population. It indicates the proportion of a hypothetical cohort of women who would eventually marry if they were to experience the age-specific rates of a given year throughout their life-times. Because it reflects changes in the timing of marriage within women's lives as well as changes in the proportion of a real cohort of women who eventually marry, the total marriage rate may exceed one. It is nevertheless indicative of year-to-year changes in the propensity to marry.

In all the countries shown in Chart 2.4 there has been a decline in first marriage rates since, at the latest, the early 1970s. The decline started somewhat earlier in Germany, but the Scandinavian countries were in the vanguard, with marriage rates falling since the mid-1960s. At the minimum, this decline represents a movement toward later marriage, which has increased the population of single, childless women,who can give birth outside marriage. This trend works in the opposite direction to that of lower illegitimate birth rates, tending to increase inflows to lone parenthood.

The percentage of births outside marriage reflects changes both in the illegitimate birth rate and in the population of unmarried women. For most countries, trends in this

Chart 2.4. **TOTAL FIRST MARRIAGE RATES**
Per 1 000 women



For sources and definitions, see Annex 2.1.

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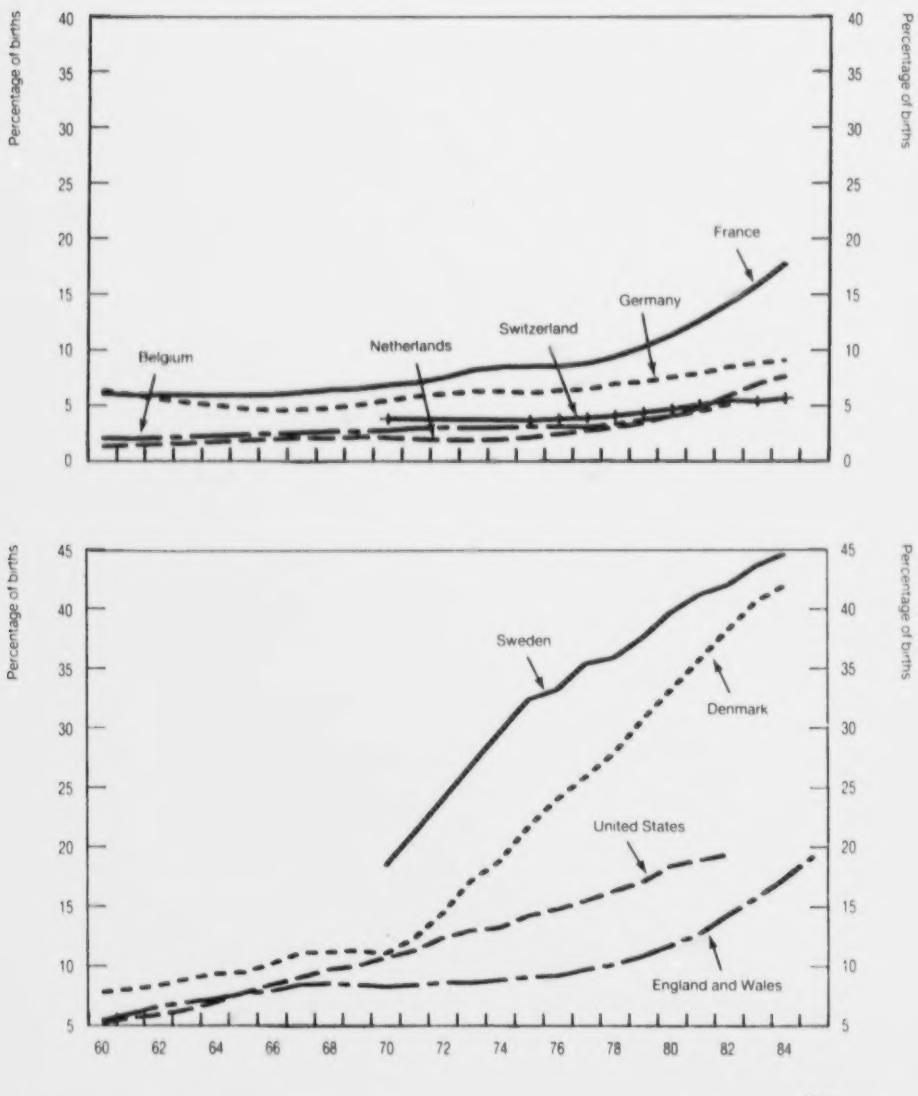
Chart 2.5. **PERCENTAGE OF BIRTHS OUTSIDE MARRIAGE**



For sources and definitions, see Annex 2.1

percentage should suggest changes in the proportion of all families with dependent children headed by a never-married mother. While not reflecting all the influences on this proportion, such as the marriage rate of single mothers, it is a simple measure, which can be obtained for many countries, and it is shown in Chart 2.5.

France, England and Wales and the United States have experienced large increases in the proportion of births outside marriage; the proportion has also risen in Germany and the Netherlands, albeit more moderately. In the European countries, the rate of increase accelerated during the mid-1970s, but in the United States there has been a fairly steady increase in this proportion since 1960. By far the largest rises in this proportion have been in the Scandinavian countries: in Sweden and Denmark over 40 per cent of births were outside marriage in 1984, compared with about 11 per cent in Denmark and 18 per cent in Sweden in 1970.

But the dramatic increase in the proportion of births outside marriage in the Scandinavian countries is not indicative of a large rise in the incidence of single mothers bringing up children on their own. Instead, it reflects the increase in child-bearing among consensual partners as a consequence of the growing importance of such unions, rather than an increase in the birth rate of women within such unions. For instance, despite the large fall in first marriage rates in Sweden, illustrated in Chart 2.4, there was little change during the 1970s in the proportion of women in their 20s and 30s living with a man, either in a consensual union or a legal marriage. However, an increasing proportion of these were living in a consensual union. Between 1975 and 1983, the percentage of unmarried women among all cohabiting women aged 20-24, unmarried women aged 20-24 in Sweden rose from 57 per cent to 79 per cent, while in Denmark this percentage increased from 18 to 25 between 1976 and 1980. In France, the country ranking highest after the Scandinavian countries in the incidence of cohabitation without marriage, this percentage only reached 17 per cent in 1983, up from six per cent in 1975. In contrast, three and six per cent of cohabiting women aged 20-24 in the United States were not married in 1970 and 1980, respectively.

The estimates of the number of lone-parent families for Sweden shown in Table 2.1 take this into account and exclude persons with a child who are cohabiting, whether in legal marriage or not. This is not generally the case for the other countries: unmarried women with children living in consensual unions tend to be counted as lone-parent families, for instance, in the United States. The rise in cohabitation without marriage in these countries means that the growth in lone-parent families may be overstated, but since the increase in the importance of consensual unions is not as dramatic elsewhere as in Scandinavia, the overstatement is probably not large enough to alter the general conclusions.

In order to explore the relative roles of divorce and births outside marriage in the increase in lone-parent families, analyses were carried out of the correlation across countries between that increase and the percentage increases in the divorce rate and the proportion of births that are illegitimate. The set of countries in the analysis is England and Wales, Germany, France, the Netherlands, Belgium, the United States and Sweden; the increases are measured between the earliest and latest dates for which data are available in each country. No correlation was found between the increase in the divorce rate and the increase in lone-parent families, but a significant positive correlation was found between the latter and the changes in the illegitimacy proportion. But the experience of the United States is responsible for that correlation. When it is removed, there is no correlation between the change in the illegitimacy ratio and the increase in lone-parent families (even when Sweden is excluded), but the correlation between the growth in lone-parent families and the rise in the divorce rate is very strong, the correlation coefficient being 0.9.

While correlations measured among a relatively small number of six to seven countries will be sensitive to which countries are included, these analyses suggest that divorce is primarily responsible for the rise in lone-parent families in the European countries, but that births outside marriage also play an important role in the United States. These conclusions are consistent with the relative contributions of the different categories of lone-parent families in Table 2.2, which shows that, with the exception of the United States, the increase in the number of divorced and separated mothers accounts for most and, in three cases, all of the increase during the 1970s and early 1980s.

Demographic Characteristics of Lone-Parent Families

When two-parent and lone-parent families are compared, lone-parent families have fewer children on average, and the children tend to be older. The popular conception of a lone-parent family is often that of a young mother with a toddler. But this view is in conflict with the facts: although in all countries the vast majority of lone parents are mothers – 80 per cent and over – divorced and separated mothers, followed by widows, make up the largest proportions in most countries. They are older, on average, than married mothers and, hence, their youngest child is, also older.

Among the countries in Table 2.2 other than Belgium (for which there is no age limit in the definition of dependent children), the percentage of lone-parent families headed by a divorced or separated mother varied in the early 1980s from 45 per cent in France (for which dependent children are defined as being under 25) to 59 per cent in Great Britain. Widowed mothers are the most frequent after the divorced and separated in Japan, Germany and France, while in the United Kingdom and the United States, the second most numerous category is never-married mothers (21 and 25 per cent, respectively).

The average age of the head of a lone-parent family compared to that of a two-parent family also varies with the proportion of never-married mothers in the group, since they are generally younger than other mothers. In the United Kingdom and the United States, where these make up a relatively large proportion, lone parents are, on average, younger than parents in two-parent families; in France, where widows are relatively more numerous than never-married mothers, the opposite is the case.

Other demographic factors also influence the average age of lone mothers. For instance, most studies on divorced and separated lone mothers show that those who marry young are more likely to experience marital breakdown than those who marry at a later age. On the other hand, studies also show that women who are older when their marriages dissolve are less likely to remarry and thus they experience longer durations of lone parenthood. The net effect is unclear. Because the age of the mother is strongly correlated with the age and number of her dependent children, these relationships also affect the composition of lone mothers according to the number and age of their children. Clearly, to the extent that other, socio-economic characteristics of parents systematically affect the probabilities of entering and leaving lone parenthood, the socio-economic characteristics of one-parent families are affected.

FUTURE TRENDS

In view of the large role that marital breakdown has played in bringing about the increase in lone-parent families, it is useful to look at future trends in divorce. Although

divorce rates may be levelling off in the United Kingdom and the United States, such a tendency is not evident for the other countries discussed. Even in these countries, remarriage rates have been falling, and at least in the United Kingdom, they have not yet stabilised. These declines, however, do reflect to some extent the rise in cohabitation without marriage among previously married women. In sum, the demographic indicators show a continuing rise in the number of lone-parent families headed by divorced and separated women in most OECD countries.

The upward trend in the proportion of births outside marriage in non-Scandinavian countries – although of secondary importance in countries other than the United States – suggests continuing growth in the number of never-married mothers (Chart 2.5). An increase in the proportion of births within consensual unions may account for a portion of this trend in many countries, but by no means all of it.

Annex 2.1

DEFINITIONS

Belgium: No age limit is defined for a child. Data include only lone-parent families that form a single household. The treatment of unmarried cohabiting couples is not clear. For the sex and marital status distribution in Table 2.2, a wider definition of a lone-parent family is used: other persons may be living in the household and parents with previously married children as well as never-married children are included. Data from OECD.

France: A dependent child is defined as under age 25. Lone-parent families include those living as part of a larger household as well as those that form a single household. Unmarried cohabiting couples with children are excluded. Data from OECD and Sardon (1986).

Germany: A dependent child is defined as under age 18. Lone-parent families include those living as part of a larger household as well as those that form a single household. The treatment of unmarried cohabiting couples is not clear. Data from OECD and Schwartz (1983).

Great Britain: A dependent child is defined as aged under age 16 or under age 19 in full-time education. Unless stated otherwise, "child" always refers to a never-married child. Lone-parent families include those living as part of a larger household as well as those that form a single household. Unmarried cohabiting couples with children are excluded. Data from OECD.

Ireland: A dependent child is defined as under age 15. Lone-parent families include those living as part of a larger household as well as those that form a single household, although the former are likely to be under-counted. Data from OECD.

Japan: A dependent child is defined as under age 20. Data include only lone-parent families that form a single household. Data from OECD.

Netherlands: No age limit is defined for a child (in 1981, 88 per cent of the lone-parent families enumerated had a child aged under 18). The treatment of unmarried cohabiting couples is not clear. Data include only lone-parent families that form a single household. Data from Koesoebjono (1986).

Sweden: A dependent child is defined as under age 16. Data include only lone-parent families that form a single household. Unmarried cohabiting couples with children are excluded. Data from Nilsson (1985).

Switzerland: No age limit is defined for a child. Lone-parent families include those living as part of a larger household as well as those that form a single household. The treatment of unmarried cohabiting couples is not clear. Data from Blanc (1985).

United States: A dependent child is defined as under age 18. Lone-parent families include those living as part of a larger household as well as those that form a single household. Unmarried cohabiting couples with children are not generally excluded. Data from OECD and Glick (1984).

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Chapter 3

LONE-PARENT FAMILIES AND THEIR ECONOMIC PROBLEMS: TRANSITORY OR PERSISTENT?*

by

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INTRODUCTION

Few social phenomena in the United States have attracted as much attention as the growth in the number of lone-parent families and the attendant "feminisation of poverty". The changes have indeed been dramatic. Between 1970 and 1985, the number of two-parent families in the United States with children under 18 years old dropped by 5 per cent, while the number of lone-parent families more than doubled. Between 1970 and 1984, the fraction of poor individuals living in non-elderly, mother-only families jumped from 34 to 43 per cent (U.S. Bureau of the Census, 1986*a*, Table 3.1).

These trends are derived from cross-sectional samples, which provide information at a particular point, about the situations of children and the families in which they reside and how the proportions of different family types and their respective economic status change from one year to another. They cannot, however, tell us about the frequency of changes that occur in the family situations of individual children, the length of time children spend in a particular type of family, or the cumulative impact of living in a lone-parent family on the economic environment during childhood.

For instance, suppose that one-fifth of all children were found to be living in lone-parent families in each of five consecutive cross-sectional surveys. This would be consistent with an inference that one-fifth of all children spend the entire five-year period in lone-parent households. But that finding would be equally consistent with the inference that all children spend exactly one year out of every five in lone-parent households. Whether life in lone-parent households is concentrated among a relatively small number of children who live continuously with a lone parent, or is widespread but transitory, is a crucial question when examining trends in the prevalence of lone-parent households and assessing their economic problems.

* The authors gratefully acknowledge the excellent research assistance of Deborah Laren, Lynn Dielman and Dawn von Thurn and the helpful comments of Dorothy Duncan, James Morgan, and Arland Thornton. Martha Hill's advice on the definition of our PSID sample and its family structures was invaluable.

This chapter views the living arrangements and economic status of children in a dynamic perspective, using data from a household longitudinal survey (the Panel Study of Income Dynamics or PSID) that conducted annual interviews with a representative sample of United States households between 1968 and 1984. In doing so, it extends the work of Hill (1983), who also used PSID data but with a considerably shorter panel period. Much of our analysis focuses on the group of 707 children born to these households between 1967 and 1969, for whom detailed demographic and economic information was gathered over the first fifteen years of their childhood.

We begin with a simple look at the longitudinal patterns of living in one- and two-parent families[1], finding great diversity. If the focus is on children in the United States who do not spend their entire childhoods in two-parent families, then we are talking about a substantial minority of all children and a majority of black children. One-third of all children and nearly three-quarters of black children born to PSID households between 1967 and 1969 did not live in intact two-parent families throughout childhood.

If, however, the concern is for the amount of time spent in lone-parent families, then the phenomenon is best characterised as transitory rather than persistent, especially for white children[2]. Of all PSID children spending at least some time in lone-parent families, most (54 per cent) did so for less than six years and only about one-tenth did so for the entire period of childhood. Spells of living in lone-parent families often did not begin until well into childhood and often ended with a remarriage or reconciliation prior to the end of childhood. Among black children, however, periods of living in lone-parent families were much longer. Many more of these periods began at birth and failed to end prior to the end of childhood.

The second half of our chapter explores links between the absence of a parent during childhood and the economic status of children. We begin with information on the comparative economic status of one- and two-parent families and find, not surprisingly, that children in two-parent families enjoy living standards that are more than 50 per cent higher and rates of poverty less than one-third as high as those of children in lone-parent families. The economic status of lone-parent families formed when an unmarried mother gives birth is substantially lower than that of lone-parent families formed by a marital disruption. Of the two routes, births to unmarried mothers produce considerably longer periods of childhood poverty than do marital disruptions.

Evidence on the income packages of women before and after divorce or separation shows that very little of the labour income of the husband finds its way to his estranged wife in the form of alimony or child support payments. Her own labour force activity increases sharply with divorce, but the typically low rate of pay she earns for her work leads to a much lower post-divorce income. Although individual experiences are diverse, the average economic status of a divorced or separated woman and her children does not improve with time following the marital disruption unless there is a remarriage or reconciliation. More than half of divorced or separated women will have remarried or reconciled within five years following the split, and the economic status of those who do is more than restored to its pre-divorce level. All told, the economic status of women and children following a divorce or separation is strikingly dependent upon remarriage.

We next attempt to place the economic impact of lone-parent families into perspective by comparing the importance of this factor with that of the labour market and other events that also place children at economic risk. Evidence suggests that, while certainly important, family structure changes are less vital than low wage rates and the more frequent labour market events in accounting for the poverty experiences of children and differences in the economic status of white and black children.

A final section summarises evidence on the longer-run consequences for children of living at least a portion of their childhood without both parents. Completed schooling and early career attainments appear to be significantly lower for children raised in lone-parent families. Most, if not all, of these differences appear to result from the lower family incomes of lone-parent families.

THE PREVALENCE AND DURATION OF TIME SPENT IN LONE-PARENT FAMILIES

The number of families[1] with children but only one parent present has increased rapidly in the last few decades in the United States (U.S. Bureau of the Census, 1986*a*, Table F). Between 1970 and 1985, the number of mother-only families more than doubled from 3.4 to 7.7 million. The number of families maintained by fathers only was much smaller, but the rate of growth of this type of family was at least as high as that for mother-only families, increasing in numbers from 0.4 million in 1970 to 1.0 million in 1985. During the same fifteen-year period, the number of families that included both parents actually decreased by 5 per cent, and as a proportion of all families this segment fell from 87 per cent in 1970 to just 74 per cent in 1985.

The proportion of mother-only families in the United States during the period from 1940 to 1984 is shown separately for white and black families in Chart 3.1, which is taken from Garfinkel and McLanahan (1986, Figure 2, pp. 48). This chart indicates that the growth in the proportion of such families was particularly strong during the 1960s and the 1970s. There was much less change during the 1940s and 1950s, and it appears that the rate of change diminished during the late 1970s and early 1980s. Racial differences in these proportions are large and persistent. In the post-war period, the proportion of families headed by mothers has been approximately three times as high for Blacks as for Whites: in 1985, the proportion of white families maintained by mothers was 17.8 per cent, while the corresponding proportion among Blacks was 56.7 per cent (U.S. Bureau of the Census, 1986*a*, Table F)[4].

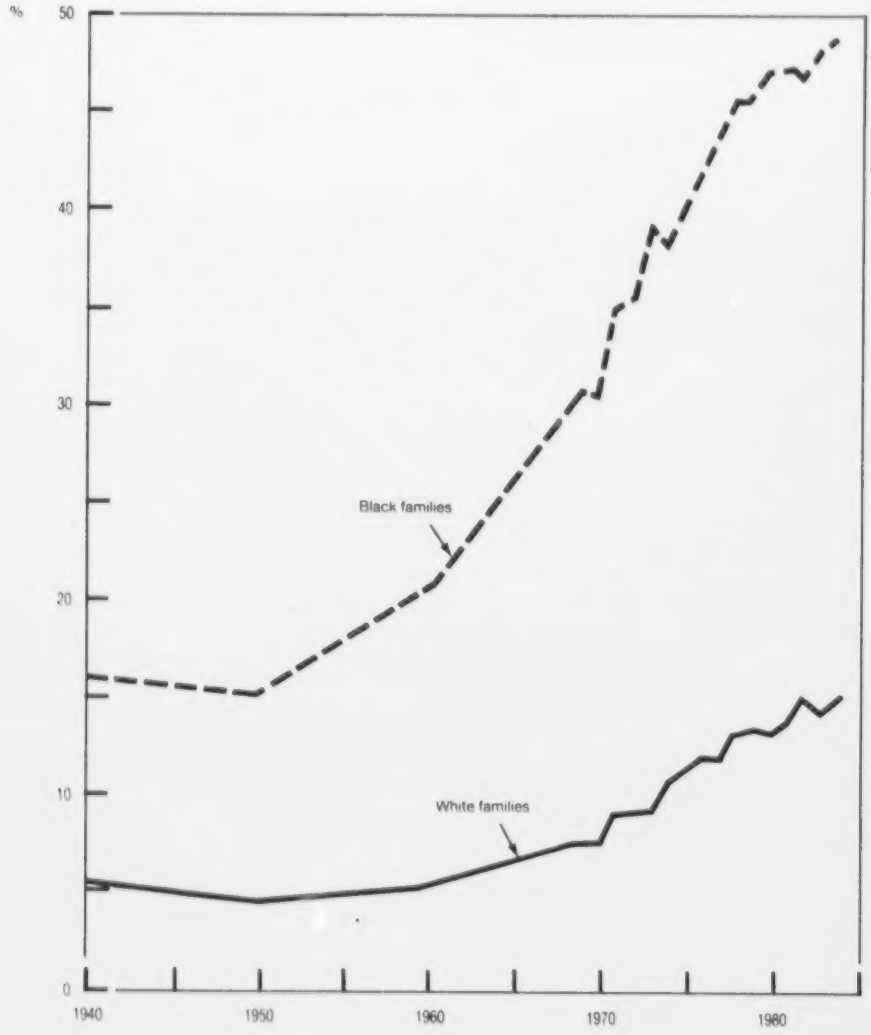
Mother-only families are created in two distinct ways: by births to unmarried (that is, single, divorced, or widowed) or separated women, and through marital dissolution. Both factors have increased markedly since the early 1960s.

Hofferth (1985, Tables 1 and 2) estimates that the proportion of white children in the birth cohorts of 1960-1964 who were born to unmarried mothers was 6 percent, and that this increased to 11 per cent in the birth cohorts of 1975-1979. Among black children in the same birth cohorts, the increase was from 30 to 57 per cent, a much higher level than for Whites, but for both races the proportion almost doubled across these cohorts.

Marital dissolution rates also rose sharply during the 1960s and 1970s. Bumpass (1984) examined the impact of this trend on the living arrangements of children. He found (Table 3, pp. 75) that, among children born to ever-married mothers, the proportion of white children who would have experienced parental separation before age 16 was 22 per cent, based on marital dissolution rates prevailing in 1963-1965. This proportion doubled to 38 per cent, based on the rates for 1977-1979. Among black children, the increase across this period was from 42 to 73 per cent.

Chart 3.1. THE PROPORTION OF ALL FAMILIES MAINTAINED BY MOTHERS ONLY, 1940-84, BY RACE

The proportion of families maintained by mothers more than doubled between 1960 and 1980. Throughout this period, the proportion of mother-only families was approximately three times as high for Blacks as for Whites.



Source: Garfinkel and McLanahan, 1986, Figure 2, p. 48; from Census and CPS data.

The Number of Childhood Years Spent in One- and Two-Parent Families

If we adopt the perspective of the life course of the child (Hofferth, 1985), then the most natural way of describing lone-parent experiences is through the portions of childhood spent in different family situations. The PSID sample of children born between 1967 and 1969 is especially useful for this exercise, since it is reasonably representative of United States children born during that period, and provides rich demographic and economic information about the first fifteen years of life for each of the 707 children in the sample[5]. The distribution of childhood years (up to age 15) spent in two-parent families, as estimated from this sample, is presented in Chart 3.2. Overall, the results indicate that, despite the aforementioned aggregate trends, living in lone-parent families is much more the exception than the rule: a substantial majority of the children in this birth cohort – 65 per cent of them – spent their entire childhoods in two-parent families; for most of the remaining third of the children the time spent, at least partially in lone-parent families, was relatively short. Only one child in 25 spent all fifteen years of his or her childhood in a lone-parent family, and a similar proportion lived in such a family for at least 11 of the 15 years. Combining these two groups, we find that less than one-fourth of the children who spent at least some time in lone-parent families did so for more than ten years of their childhood.

Although the overall fraction of children spending most of their childhood in lone-parent families is small, these children account for the bulk of the total of lone-parent experiences of all children: about half of the total years spent in lone-parent families by all of the children in this cohort was accounted for by just 8 per cent of those children. Thus, the "burden" of life in lone-parent families is highly concentrated on a relatively small number of children.

Large differences in the situations of black and white children are also apparent in Chart 3.2: for black children, life in lone-parent families is more the rule than the exception. Only 28 per cent of black children spent all of their first fifteen years in two-parent households, compared with 70 per cent of white children. In contrast, 22 per cent of black children spent all fifteen years in one-parent households, compared with less than 2 per cent of white children. While white children spent an average of 13.5 years in two-parent families, black children spent only 7.8 years in two-parent families.

The Impact of Family Status at Birth

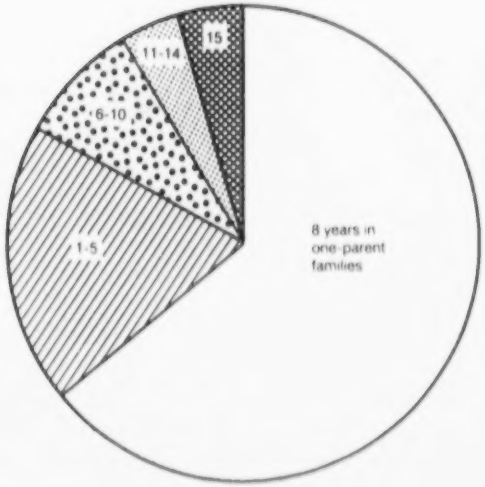
The rapid rise in the proportion of children born to unmarried mothers in the United States has already been cited (Hofferth, 1985). Birth into a lone-parent family has major implications for the family situation experienced throughout childhood, as shown in Chart 3.3: children born into two-parent families spent almost twice as many of their first fifteen years in two-parent families (13.7 years) as did those born into lone-parent families (7.2 years). The overall proportion of the PSID children born into lone-parent families was 15 per cent, but the frequency of this situation was about four times as high for black as for white children: 11 per cent of white children, compared with 43 per cent of black children. (Note that the width of the bars in Chart 3.3, and the following two charts as well, corresponds to the percentage of children within each racial group – total, Whites and Blacks – who are in each category.) Exacerbating this racial difference is the much longer time that black children born to unmarried mothers can expect to spend in lone-parent households. Black children born into lone-parent families (that is, generally to unmarried mothers) spent an average of only 3.1 years of their childhoods in two-parent families,

Chart 3.2. YEARS OF CHILDHOOD SPENT IN ONE-PARENT FAMILIES, BY RACE

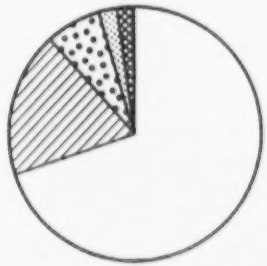
One-third of persons born in 1967-69 spent at least part of their childhood in single-parent families. For most of them, however, the time in such families was brief.

There are large differences between white and black children's experience in one-parent families. Three out of four black children spend at least some time in a one-parent family, and more than half of those children did so for more than 10 of their first 15 years.

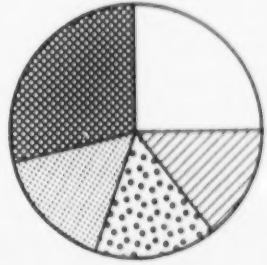
All children



White children



Black children

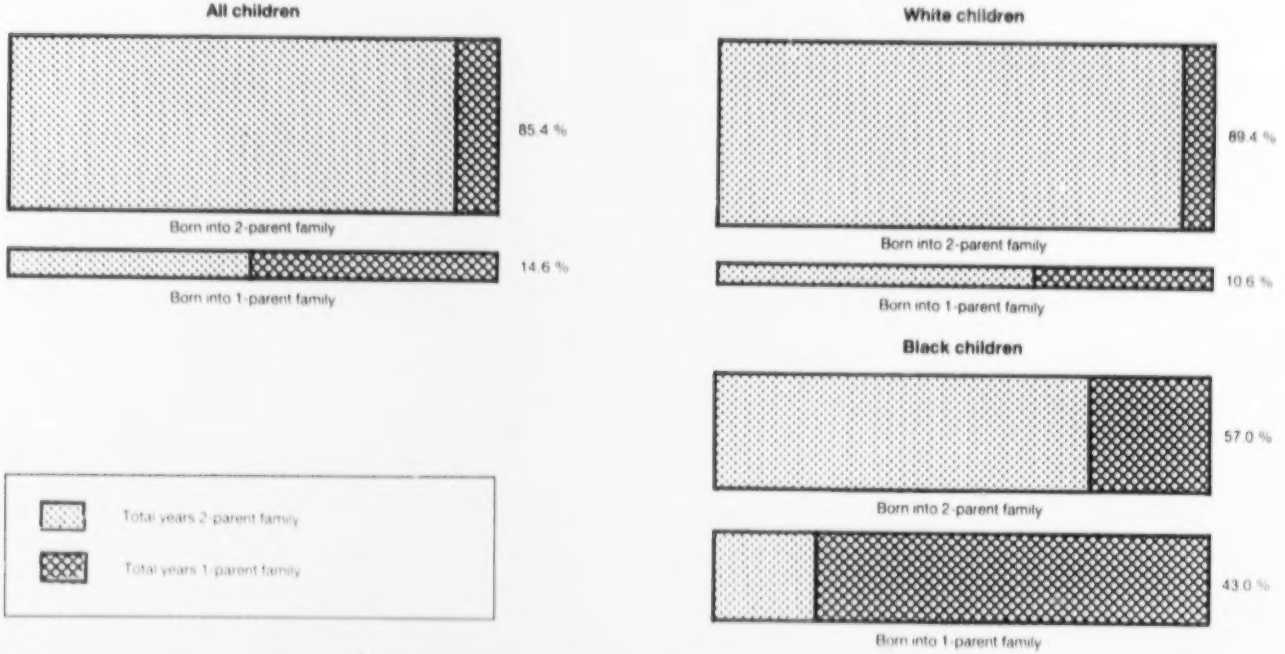


Source: Hofferth, S.L. (1985). "Updating children's life course", *Journal of Marriage and the Family*, 47, 93-115.

Chart 3.3. YEARS OF CHILDHOOD IN TWO-PARENT FAMILIES, BY SITUATION AT BIRTH AND RACE

The total childhood experience of two-parent families is strongly affected by the situation at birth. Those born into two-parent families spend almost twice as many years in two-parent families (13.7 years) as do those born into one-parent families (7.2 years).

The difference in experiences of black and white children is partially explained by the much higher proportion of black children born into one-parent families. Among those born into two-parent families, the gap between the experiences of black and white children is narrowed to less than three years. Black children born into one-parent (mother only) families lived only three years with two parents – less than a third as many as white children born to unmarried mothers.

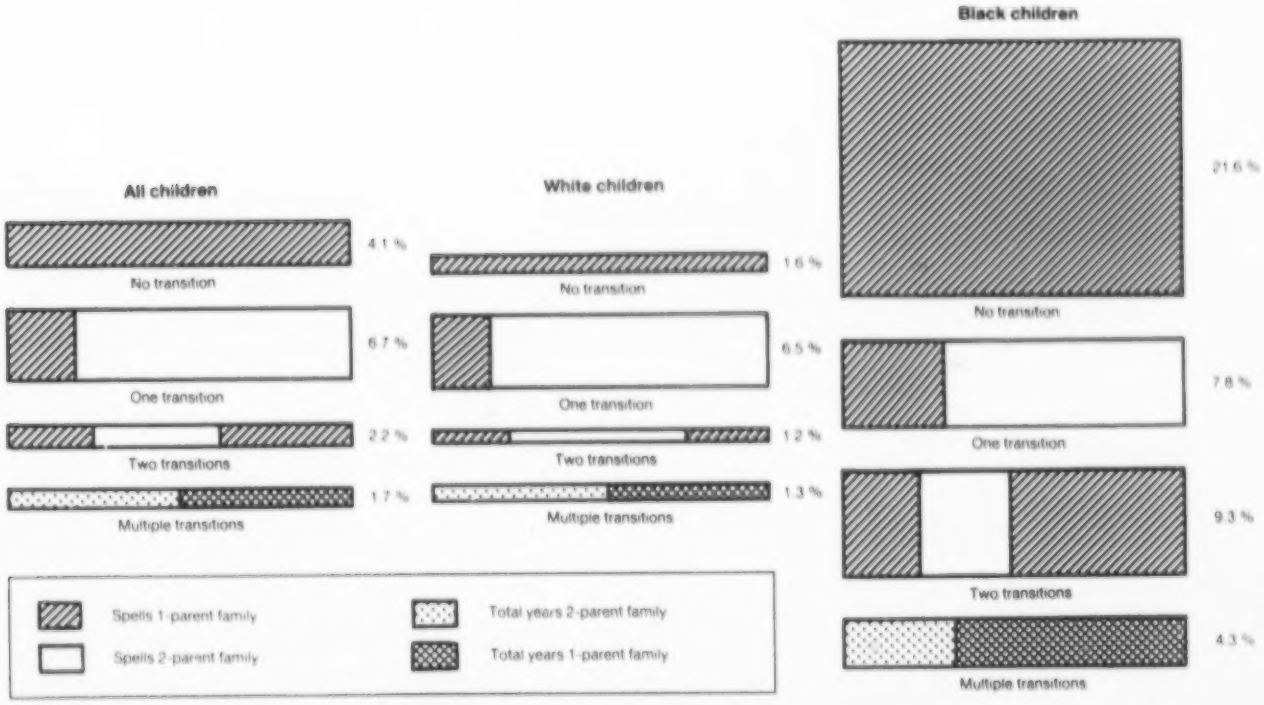


Source: Hofferth, S.L. (1985), "Updating children's life course", *Journal of Marriage and the Family*, 47, 93-115.

Chart 3.4. YEARS IN ONE- AND TWO-PARENT FAMILIES, FOR CHILDREN BORN INTO ONE-PARENT FAMILIES, BY RACE

Most of the 15 % of all children who were born into one-parent families did not stay in that situation. Furthermore, most of those who got into a two-parent family remained in that situation for the rest of their childhood.

Not only were Blacks more likely than Whites to be born into one-parent families, and more likely to remain in that situation for their entire childhoods, those who did get into a two-parent family were much more likely to return to a one-parent family.



Source: Hofferth, S.L. (1985), "Updating children's life course", *Journal of Marriage and the Family*, 47, 93-115.

which is less than a third of the 9.5 years observed for comparable white children. There is a much smaller racial difference in the marital stability of parents who are living together when the child is born.

The division of children into just two groups according to whether or not their mothers were married at birth, as in Chart 3.3, obscures important distinctions within each of these groups. In particular, the prior marital history of unmarried mothers has a substantial relationship to the subsequent experience of their children. Hofferth (1985, Table 5) found that white children born in 1965-1969 to divorced or separated mothers spent 58 per cent of their childhood (to age 18) in two-parent families, compared to just 11 per cent for children of never-married mothers. For black children in the same birth cohort, the corresponding proportions were 53 per cent (for children of divorced or separated mothers) and 19 per cent (for children of never-married mothers).

Chart 3.4 summarises the transitions experienced by children born into lone-parent families. They are highly diverse. Most single mothers eventually acquired a legal spouse or a less formal partner, often soon after the birth, but not all remained with their partners throughout what was left of the child's first fifteen years. Almost half of the children born into lone-parent families made a permanent transition to a two-parent family for their remaining childhood. The transition occurred after an average of 3 years and the resulting two-parent family persisted for the final 12 years of their childhood. Another quarter of the children born into one-parent families remained in that situation for an average of about 4 years before becoming part of a two-parent family, but then experienced at least one further transition back into a lone-parent family.

Not only were black children more likely than white children to be born into one-parent families, they were also much more likely to remain in that status for their entire childhood: half of the black children born into one-parent families remained there for their entire childhoods, whereas this was true of only a small fraction of white children born into lone-parent families. Moreover, most of the white children who were born into lone-parent families but did make the transition to two-parent families remained in the latter situation for the balance of their childhood, whereas most of the black children who made the transition from a one- to a two-parent family subsequently experienced at least one transition back to a one-parent family. Finally, within each of these groups, black children spent more time in one-parent families before the transition to two-parent families, and less time in those two-parent families before returning to a one-parent situation, than did white children with the same sequence of transitions.

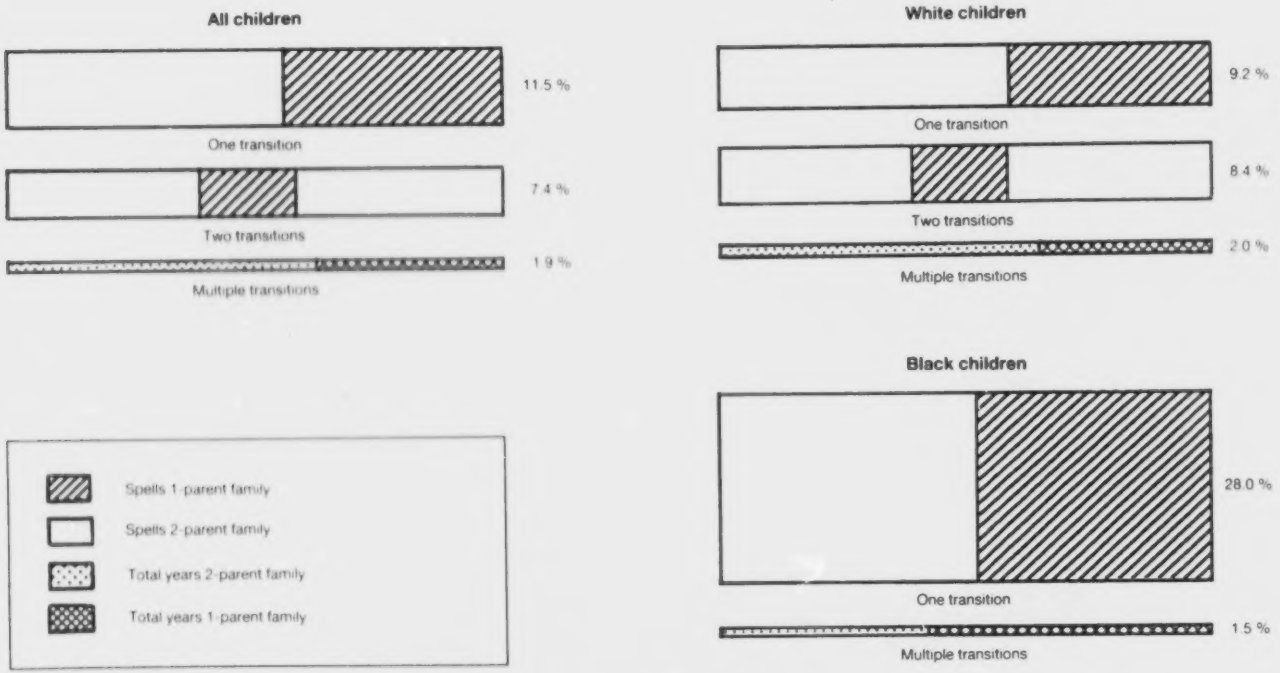
The Impact of Marital Dissolution and Remarriage

The other important factors that influence the incidence of lone-parent families are the rate at which marriages dissolve (primarily for couples with young children, through separation and divorce) and the rate at which formerly married persons remarry. The impacts of these factors on the 1967-1969 birth cohort are summarised in Chart 3.5: one-fifth of all children were born into two-parent families but later experienced the departure of one of their parents. Over half of the children who experienced such a disruption remained in lone-parent families after the departure of a parent. For these children, the "average" 15-year childhood consisted of almost 8 years spent in a two-parent family, followed by 7 years in a lone-parent family. Another third of the children involved in a marital disruption experienced a subsequent return to a two-parent family, and for them the average length of the disruption was rather short. The "average" childhood for these

Chart 3.5. YEARS IN ONE- AND TWO-PARENT FAMILIES, FOR CHILDREN BORN INTO TWO-PARENT FAMILIES, BY RACE

Of the 21 % of all children who were born into two-parent families but did not stay in that situation, almost half later returned to a two-parent family. Less than 2 % experienced a second spell in a one-parent family.

Black children born into two-parent families were more likely than white children to experience a transition to a one-parent family, and those who did so were less likely than whites to return to a two-parent family.



Source: Hofferth, S.L. (1985). "Updating children's life course". *Journal of Marriage and the Family*, 47, 93-115.

children consisted of a transition from a two-parent to a one-parent family after about 6 years, a 3-year spell in a lone-parent family, and a final six years in a two-parent family following remarriage or reconciliation. The remaining group consisted of children who experienced more frequent transitions between one-and two-parent families, and is too small for the PSID sample to provide a meaningful description.

The higher marital dissolution rate of black couples accounts for some of the difference in the family situations of black and white children: more than half of the black children born into two-parent families later spent time in one-parent families, whereas less than a quarter of white children went through that transition. Not only were black children more likely than white children to experience the transition from a two- to a one-parent family, but those who did so were much less likely than white children to return to a two-parent family. As shown in Chart 3.5, very few of the black children who were born into two-parent families but later found themselves in one-parent families subsequently returned to a two-parent family. In contrast, fully half of the white children who started out in two-parent families later made the transition to a one-parent family and subsequently returned to a two-parent one. One implication is that white children are much more likely than black children to spend part of their childhood living with a step parent.

PARENTAL ABSENCE AND THE ECONOMIC WELL-BEING OF CHILDREN

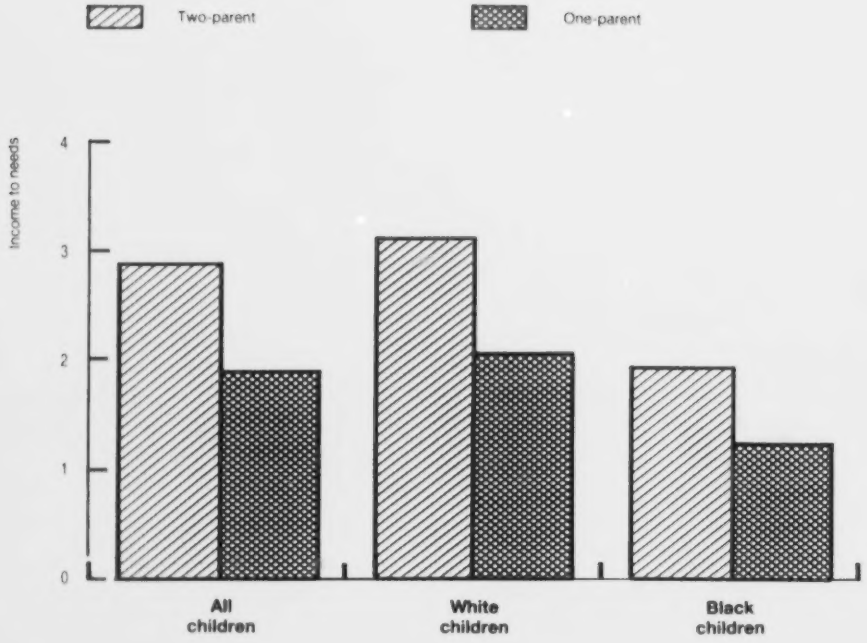
There are many reasons for expecting that children living in two-parent families will enjoy higher living standards than children in one-parent families (Garfinkel and McLanahan, 1986). First, there are two potential breadwinners and child-care needs are less likely to impinge on work schedules. Second, the earned income of mothers heading lone-parent families is likely to be low because of gender-based hourly pay differences. Third, the levels of private (for example child support) and public (Aid to Families with Dependent Children) transfers in the United States are relatively small. The total effect of these factors is to produce sharply lower family incomes for children during the years in which they live in lone-parent families. Using data from the 1983 United States Current Population Survey, Garfinkel and McLanahan (1986) found that the total household incomes of mother-only families averaged only 40 per cent of those of two-parent families.

However, this simple difference does not take into account family size or other demographic differences between the two types of families. Appropriate adjustments can readily be made with our fifteen-year sample from the PSID of children born between 1967 and 1969. We use as a measure of economic status the ratio of total family income to the United States federal government's annually calculated poverty thresholds for families with different compositions based on the number, sex and age of family members, producing what we will term an income-to-needs ratio[6]. Since families that retained a two-or one-parent structure throughout the entire fifteen-year period may differ in unmeasureable ways that would render their economic status unrepresentative of the likely situation of children undergoing changes in family structure, we restrict our comparison to children who experienced both one- and two-parent living arrangements during the fifteen years. Two- parent income-to-needs ratios are averaged over the years spent in two-parent families; one-parent income-to-needs ratios are averaged over the years spent in lone-parent families.

Chart 3.6. **INCOME-TO-NEEDS RATIOS IN TWO-PARENT AND ONE-PARENT FAMILIES BY RACE, FOR CHILDREN WHO SPENT TIME IN BOTH TYPES OF FAMILIES**

The average income-to-needs in one-parent families is about two-thirds the level in two-parent families.

A similar ratio shows up within the racial subgroups. Note, however, that the economic status of black children in two-parent families is less than that of white children in one-parent families. Family structure differences between Whites and Blacks account for only about one-third of their differences in economic status.



Source: 1983, United States Current Population Survey (Garfinkel and McLanahan, 1986).

These adjustments produce the economic differences shown in Chart 3.6: the economic status of children while living with one parent is about two-thirds as high as their status while living with two parents or step parents. The economic status of black children is lower than that of white children in each family type, but the relative advantage of living with two parents is similar for white and black children. Chart 3.6 also reveals the surprising fact that while living with two parents, black children have a lower standard of living than do white children living with a single parent. Obviously, something more than family structure differences is needed to account for racial differences in economic status, an issue to which we shall return shortly.

A lifelong view of the economic experiences of the PSID children born between 1967 and 1969 provides rich information on childhood poverty and its links to family structure. The distribution of poverty experiences during their first fifteen years of life is remarkably similar to lone-parent experiences: roughly one-third of all children were poor in at least one year, the majority of ever-poor children were poor for less than half of their childhood, and the poverty was much more prevalent among black than white children (Duncan and Rodgers, 1988).

To understand the nature of the linkages between poverty and family structure, it is instructive to divide the poverty experiences (as measured by the United States federal government poverty thresholds) of children into groups characterised by two-parent family structure, lone-parent families resulting from a birth to an unmarried mother, and lone-parent families following a marital disruption that occurred after the birth of the child. This is done in Chart 3.7, with surprising results: most (52 per cent) years of childhood poverty occur while children are in two- rather than lone-parent families. A subsequent section of this chapter elaborates on the relative economic importance of family structure, labour market and other events in the lives of children, and reinforces this finding in showing that, while certainly important, family structure is less important than are labour market factors in accounting for the economic problems of children.

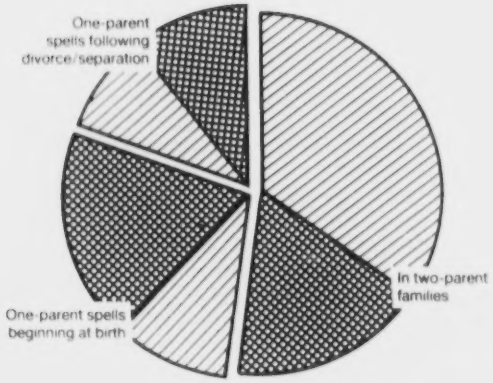
Although marital disruptions are more frequent than births to unmarried mothers, disruptions are considerably less important as a contributor to childhood poverty: a higher fraction (28 vs. 19 per cent) of the years of childhood poverty were linked to a birth to an unmarried mother than to a marital disruption. The factors leading to this surprising conclusion are shown at the bottom of Chart 3.7. The first, third and fifth bars allocate the total years of childhood in the PSID sample across living arrangement categories, again – as in the previous section – showing that the vast majority of such years for white children and half of the years of black children were spent in two-parent families. The second, fourth and sixth bars repeat the information in the pie chart at the top by distributing total years of childhood poverty across the same living arrangement categories. Spells of childhood following a birth to an unmarried mother are much more likely to be spent below the poverty line than spells in two-parent families. The fact that births to unmarried mothers are less frequent than marital disruptions is offset by the lower economic status associated with such births.

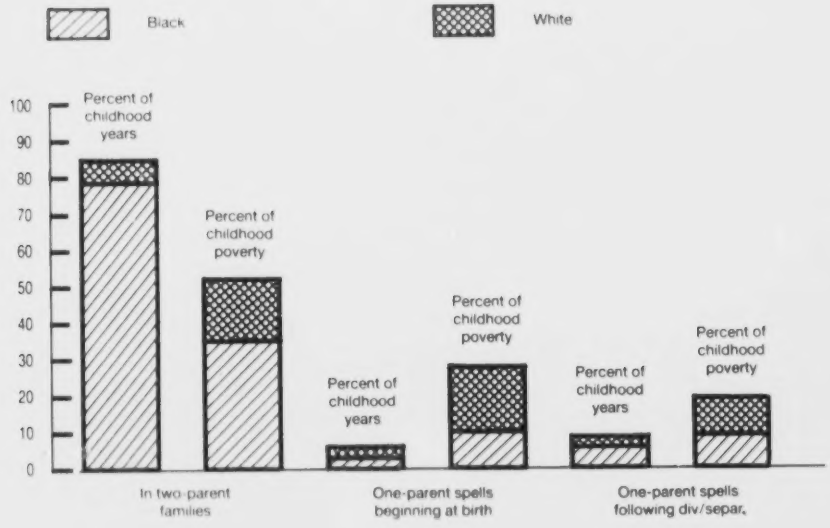
Despite the relatively greater importance of births to unmarried mothers in producing childhood poverty, much less is known about the dynamics of income following such births than about income fluctuations following marital disruptions. Previous research does point, however, to the importance of distinguishing between the situations in which such births were to never-married or previously married mothers. Hofferth's evidence (1985) shows that both black and white children born to never-married mothers can expect to spend much longer portions of their childhood in single-parent families than those whose mothers were previously married. In tracking the likely length of receipt of benefits from the Aid to

Chart 3.7. PERCENT OF CHILD-YEARS OF POVERTY AND PERCENT OF ALL CHILD-YEARS SPENT IN DIFFERENT FAMILY SITUATIONS

Most poverty experiences of children occur in two-parent families. Of those that do not more occur in the spells following a birth to an unmarried mother than in spells following marital disruption.

The prevalence of childhood poverty in spells following a birth to an unmarried mother is much greater than in other family situations.





Source: 1983, United States Current Population Survey (Garfinkel and McLanahan, 1986).

Families with Dependent Children (AFDC) programme, Ellwood (1986) found much longer expected welfare "careers" for unmarried than for previously married applicants. Garfinkel and McLanahan (1986) describe the income packages of families with female heads and find that, for Whites, both the total and earned incomes of families headed by a never-married woman are substantially lower than those of families headed by a previously married woman, a fact that may be attributable, at least in part, to the younger ages of never-married women who head households. The income packages of never-married black women who headed families were indistinguishable from those of black women who had separated from their husbands.

Previous research has not, however, tracked the economic experiences of children born to never-married and previously married mothers through time as systematically as it has for children involved in a marital disruption. The following section briefly reviews what we have learned from longitudinal data from the United States about how economic conditions change when a divorce or separation occurs.

Dynamics of Divorce

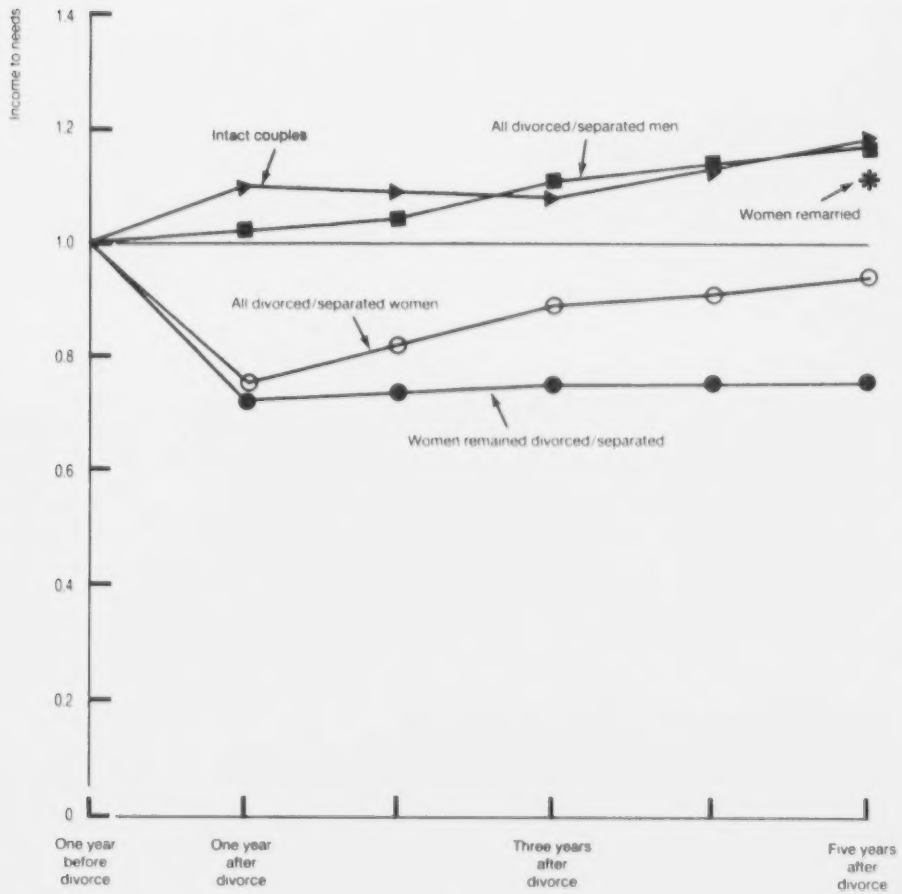
Longitudinal data provide a unique look at the impact of divorce and separation on the economic status of women and children by making possible comparisons of the economic status of individuals in the years before and after a marital dissolution[7]. This gives us direct information on the relative impact of divorce or separation on the income of children, ex-wives and ex-husbands, and for ex-wives, on the relative importance of alimony and child support, welfare, labour market activity and remarriage as routes to possible improvement in economic status.

Chart 3.8 illustrates the economic impact of divorce or separation by showing income-to-needs ratios in the year before, the year after, three years after and five years after divorce or separation for the women undergoing those events[8]. Family incomes of the women include alimony, child support and welfare income received, while the family incomes of the men have had alimony and child support subtracted from them. Comparable figures for a "control group" of intact couples are also shown in Chart 3.8.

Family income drops precipitously (by about 40 per cent) between the years just before and just after marital dissolution for children and women, and more modestly (by 15 per cent) for men. Since divorce or separation initially reduces the family size of both of the resulting households, it is not surprising that decreases in the income-to-needs measure shown in Chart 3.8 are less severe than drops in income alone: living standards fall to about three-quarters of their former levels for women. The average divorced man is actually slightly better off in the year following divorce than he was in the year before, and his situation continues to improve with time in a pattern that matches that of intact couples; for women who do not remarry, average living standards change little over the five years following the divorce. The inclusion of women involved in remarriage in the calculation of the economic consequences of divorce improves substantially the average income-to-needs ratio. About half of the women will have remarried by the fifth year following the divorce or separation, and in that case their economic status usually exceeds their pre-divorce status. Combining the remarried and still-divorced into a single group leads to the result that the "average" divorcing woman and her children are about as well off after five years as in the year before divorce. But the average is formed by two very disparate groups – those who did remarry (the majority of whom are better off) and those who did not remarry (the majority

Chart 3.8. FAMILY INCOME-TO-NEEDS OF VARIOUS GROUPS AFTER DIVORCE OR SEPARATION AS A FRACTION OF INCOME-TO-NEEDS PRIOR TO DIVORCE OR SEPARATION

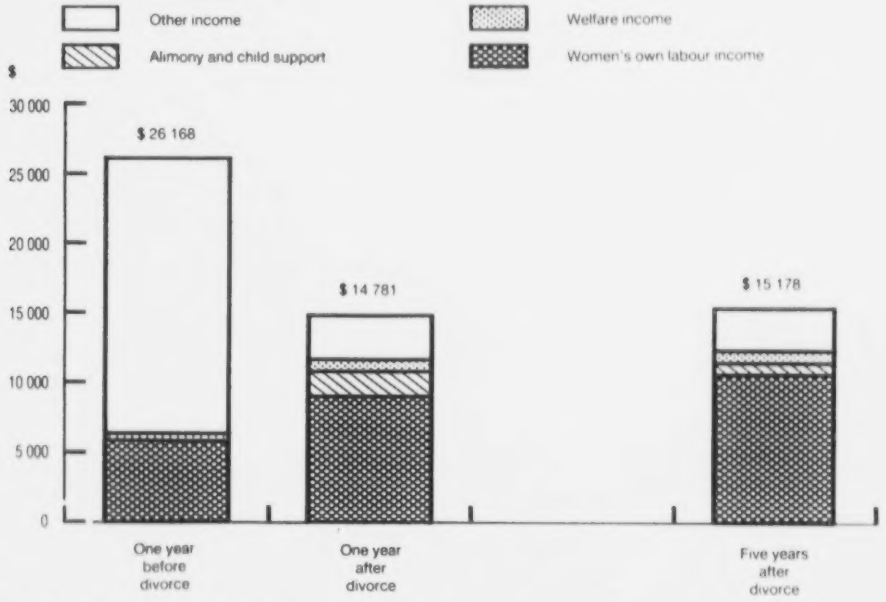
The economic status of women who remained unmarried changed little with time following divorce. However, the increasing fraction of women who remarry, combined with the higher living standards that remarriage brings, brings the average income-to-needs of divorcing women to a point after five years roughly equal to its pre-divorce level. Living standards of divorcing men and intact couples grow over time.



Source: Panel Study of Income Dynamics (Duncan and Hoffman, 1985) Table 14.A.7

Chart 3.9. COMPOSITION OF FAMILY INCOME BEFORE AND AFTER DIVORCE FOR WOMEN REMAINING UNMARRIED IN GIVEN YEAR AFTER DIVORCE OR SEPARATION

The composition of the woman's income package changes drastically with divorce. The husband's labour income is lost and little of it returns in the form of alimony and child support. The woman's own labour income increases, but not enough to prevent total income from falling to nearly half of its pre-divorce level.



Source: Panel Study of Income Dynamics (Duncan and Hoffman, 1985).

Table for Chart 3.9. **Composition of family income before and after divorce or separation for women remaining unmarried in given year after the dissolution**

	Woman's own labour income	Alimony and child support	Welfare	Other income	Total family income
			Amount in $ (% of total)		
One year before dissolution	5 829	13	213	20 113	26 168
	(22)	(0)	(0)	(77)	(100)
One year after dissolution — no remarriage	8 937	1 646	887	3 311	14 781
	(60)	(11)	(6)	(23)	(100)
Five years after dissolution — no remarriage	10 541	675	733	3 229	15 178
	(69)	(4)	(5)	(21)	(100)

Source: Calculated from Duncan and Hoffman (1985), based on data from the Panel Study of Income Dynamics. Income figures are in 1981 dollars.

of whom are in a worse position). Thus, divorce generates a great deal of inequality in the post-divorce distribution of income among women and children.

The relative stability of the family incomes of women who remain unmarried masks various changes in the composition of their post-divorce income packages (see Chart 3.9). The women's own labour force income is clearly the dominant component of post-divorce family income. Labour force participation rates jumped from pre-divorce levels by 15 percentage points from 67 to 82 per cent. The women's earnings accounted for only 22 per cent of family income before the divorce, 60 per cent of total family income in the year just after, and nearly 70 per cent in the fifth year after if there was no remarriage by that time.

Non-coverage of and non-compliance with court awards of child support and alimony are widespread. The United States Bureau of the Census (1986*b*) estimates that only about half of mother-only households containing minors had child support awards or agreements in 1984 and only half of those due payments received the full amount; one-quarter of those owed payments received none at all. The majority of PSID divorced or separated women reported receiving no alimony or child support, and both the incidence and the amount of any transfers may decline as time passes following the divorce. Even in the year just after the marital dissolution, when alimony and child support payments are highest, they account for only about one-tenth of the total average family income; their average amount falls by nearly two-thirds by the fifth year following the dissolution. The decline with time in support from their ex-husbands is much steeper for women who had been in high-income marriages. As Duncan and Hoffman (1985) show, amounts of annual support from high-income ex-husbands were more than twice as large as from low-income husbands in the year following divorce ($2 425 versus $940) but fell below the amounts paid by low-income husbands ($746 versus $764) by the fifth year.

Welfare is less important than alimony or child support as a source of income shortly after divorce and maintains its 5 per cent average share in the fifth year following divorce. There are substantial racial differences in these income packages, but even though between one-half and four-fifths of black women report receiving welfare in the five years following a divorce or separation, in no year is the average amount received from welfare even half as large as the average amount received from black women's earnings.

Does Family Structure Dominate the Economic Well-Being of Children?

Thus far we have assembled an impressive body of evidence linking the economic well-being of children to their living arrangements. Economic well-being during spells of lone parenthood is much lower than during spells with two parents. A closer look at the dynamics of divorce and separation shows that the average economic well-being of the women and children involved increases only with remarriage or reconciliation. But still two-thirds of United States children spend their entire childhoods in two-parent families and other events, such as unemployment, also affect the economic well-being of families.

The most comprehensive attempt to place labour market and family structure factors into a comparable perspective is provided by Bane (1986). Overall, she finds that family structure, although certainly important, cannot be viewed as accounting for most of the poverty episodes experienced by children, most of the racial gap in economic status or most of the recent trends in the economic status of children.

Consider the following facts, gleaned from Bane (1986) and other sources:

- The increasing prevalence of families with female heads has had only a modest effect on the overall poverty rate. In 1983, some 15.0 per cent of households in the

United States were poor. Bane (1986, pp. 215) calculates that had family structure not changed between 1959 and 1983, the 1983 poverty rate would have fallen to 13.0 per cent, a modest decrease of two percentage points.

- Analyses of transitions into poverty (for example, in Bane and Ellwood, 1986; Duncan and Rodgers, 1986) find that transitions from two- to one-parent families are less important than various labour market events in accounting for transitions into poverty. For example, Duncan and Rodgers (1988, Table 5) find that about one-seventh of the childhood transitions into long-term poverty could be linked to the loss of a parent, while more than half could be linked to changes in the labour supply of family members in intact families.
- Family structure differences account for less than half of the racial differences in economic status. Several studies (for example, Bane, 1986; Bianchi and Farley, 1979; Green and Welnick, 1983; Hill *et al.*, 1986) have used various data sources to calculate the extent to which racial differences in family income, income-to-needs or poverty rates can be accounted for by racial differences in family structure. Virtually all such studies find that the family structure differences account for less than half of the economic gap, and some estimates suggest much smaller than half.

These findings on the importance of labour market over family structure changes may appear to be at odds with our earlier evidence of dramatic differences between the economic status of one- and two-parent families. In fact, however, the evidence is consistent. When they occur, spells of living with only one parent are typically accompanied by a much lower level of economic well-being. However, labour market events are more frequent than family composition events. Labour-related problems such as low hourly earnings and unemployment are so widespread among both one- and two-parent families that they are more influential than family structure itself in affecting the economic well-being of children.

Longer-Run Effects of Growing Up in Lone-Parent Families

It is clear that living with one rather than two parents is associated with a much lower standard of living. Whether or not spells of lone-parenthood have longer-run consequences on the life chances of the children involved is an important question at which much research has been directed. Others (for example, Hetherington *et al.*, 1983; Shinn, 1978) have attempted to review the vast literature on the effects of lone-parent families on the cognitive development of children. We focus only on career-related outcomes such as earnings and completed schooling and note the confounding effects caused by the lower economic status of lone-parent households.

Most research on socio-economic differences between children raised in two- versus one-parent families in the United States finds statistically significant effects, with children raised in one-parent families completing less education, earning less labour income and working in less prestigious occupations (Garfinkel and McLanahan, 1986, Chapter 2). This body of research employs a number of different definitions of lone-parent background and data sets; detrimental effects of a lone-parent background are fairly robust across definitions and data.

More problematic is the attempt to explain why such differences exist. We have seen that family structure differences are usually accompanied by large differences in economic well-being. How does one disentangle family structure effects from income effects? The distinction has obvious policy implications, the "problem" of lone-parent families being

viewed very differently if the apparently detrimental effects on children of growing up in a lone-parent family are solely a product of the lower income of that family.

There seems to be little doubt that the schooling and career attainments of children are systematically related to the income of their parents during childhood. Even after adjusting for differences in schooling and occupational status of parents, several studies (reviewed in Hill and Duncan, 1987), using several different data sets, found significant links between parental income and the completed schooling and earnings of children. These links are hardly surprising; higher incomes can be spent in ways that enhance the intellectual and social development of children, although the higher incomes may also merely represent other causal factors (for example, better schools and neighbourhoods) linked to the success of children.

Few studies of the effects of growing up in lone-parent households have used sufficiently reliable income measures to disentangle the various effects. A handful have, however, and, taken together, they tend to indicate that economic differences account for many of the adverse effects of being raised in a lone-parent household. McLanahan (1985), Shaw (1982) and Hill and Duncan (1987) all find that adjustments for parental income reduce the estimated impact on completed schooling of living in a lone-parent family by between one-third and two-thirds. More research is clearly needed on this topic, but tentatively one can conclude that much of the lone-parent effect is really an income effect.

CONCLUSION

We have attempted in this chapter, using longitudinal evidence, to determine whether lone-parent families in the United States and their economic problems are transitory or persistent. In evaluating the findings it is important to note that the trends described at the outset have continued: the proportion of births to unmarried mothers has increased, as have marital dissolution rates. The persistence of these trends means that the proportion of childhood in lone-parent families for the cohort born in the late 1960s is low compared with the likely proportion of time lived in such families by more recent birth cohorts. Hofferth (1985, Table 3) estimates that only 37 per cent of white children born in 1980, and only 9 per cent of black children, will live with both of their natural parents through the first 15 years of their childhood. Moreover, the proportion of the childhood years spent in lone-parent families has also continued to grow. Hofferth (1985, Table 5) estimates that, on the average, white children born in 1980 will have lived almost a third (31 per cent) of their first 18 years outside a two-parent home, up from 19 per cent for white children born in 1965 and 1969; for black children, the increase is from 44 to 59 per cent – that is, on the average black children born in 1980 will spend more time in one- than in two-parent families. These trends lend a sense of urgency to understanding the dynamic nature of family structure and its economic consequences.

When compared with the more customary indicator of the prevalence of lone-parent families and childhood poverty drawn from cross-sectional snapshots, the longitudinal results offer both good and bad news. As with most phenomena, simple dichotomies between one- and two-parent families and between family incomes above and below the poverty line break down when viewed dynamically. During childhood, many children live in both two- and one-parent families and many spend some but not all of their childhood in

poverty. The proportion of children who ever experience either lone-parent family structure or poverty is much greater than indicated by single-year snapshots. But most of the children who ever live in lone-parent families or below the poverty line do so for relatively short periods. Racial differences are striking for both phenomena; both lone-parent family life and poverty are much more prevalent and persistent for black children.

Links running from family structure to economic well-being are close: children who experienced both one- and two-parent families during childhood enjoyed living standards while in two-parent families that were 50 per cent higher than while they were in one-parent families. Policies directed towards transferring more of the absent father's income to his children, increasing benefit levels of public transfer programmes and increasing the wage rates of the women who head lone-parent families can all be expected to improve the economic well-being of children while they live in lone-parent families. Given current policies, the chance that a child living in a lone-parent family will improve his or her standard of living is most closely tied to a family structure change that adds a second parent or step-parent; the economic well-being of mothers and children is strikingly dependent on marriage and remarriage.

The correlation between family structure and economic well-being has fuelled another policy debate in the United States: are programmes such as Aid to Families with Dependent Children (AFDC), that generally restrict benefits to families with female heads, responsible for the dramatic growth in the number of such families? Critics of the United States welfare system (for example Murray, 1984) argue that by raising the income available to a single woman with dependent children but not to intact families or to single women without children, AFDC has encouraged marital instability, out-of-wedlock births, and the establishment of independent households by unmarried mothers, while discouraging marriage and remarriage. The evidence on this issue, although not definitive, does not appear to point to large or even uniformly significant effects (Ellwood and Bane, 1985; Duncan and Hoffman, 1988).

The lower economic status of lone-parent families obscures the crucial fact that family structure is less important than other factors in affecting the economic well-being of children. More years of childhood poverty are spent in families with two rather than only one parent, and labour market factors appear to bear more responsibility than family events for transitions into poverty. So when contemplating policies aimed at improving the economic status of children, we should direct equal attention to labour market problems and transfer programmes that affect two-parent families.

NOTES

1. Throughout this chapter we use the term "two-parent" to refer to situations in which two parents or step-parents lived with the child at the time of the annual interview and headed the household. The couple need not be legally married and both adults need not be biological or legal parents to qualify for the "two-parent" designation. "One-parent" refers to all other living arrangement situations for the children. About one-third of the "lone-parent" families into which PSID children were born contained a mother heading her own household. In the remainder there was a more complicated extended family arrangement in which the child was neither the biological nor step-child of the head of the household. At older ages children in "lone-parent" families are increasingly likely to be in households headed by their mothers.
2. Throughout this chapter we use the term "white" to include all racial categories other than black.
3. By "family" we include both family households, as defined by the U.S. Bureau of the Census and related and unrelated sub-families living in the same household with primary families.
4. Throughout this chapter we present racial differences, not because race per se is thought to be a cause of parental or marital status, but because these differences are readily ascertainable from published data, they are too large to be ignored, and they undoubtedly tell us something about causal factors. In particular, the differences in the economic well-being between Blacks and Whites in the United States continue to be very substantial, so that racial differences to a considerable degree reflect economic status differences.
5. A description of the PSID study and the sample we use is given in the appendix.
6. Since the poverty threshold for a family of four in 1985 was approximately $11 000, a family of four with a family income of $33 000 would have an income-to-needs ratio of 3.0. A family of four with an income of $5 500 would be deemed poor and have an income-to-needs ratio of 0.5.
7. The analysis presented here draws heavily from Duncan and Hoffman (1985), and is based on divorces or separations that occurred in the PSID between 1969 and 1975. The calendar year of divorce is treated as t, and information on income and employment is compiled in years t - 1 through t + 5 for the children, women and men involved in a divorce. (Note that income level for year "t" during which the marital dissolution occurred is not shown in Chart 3.8, since the economic conditions before and after the dissolution within that year cannot be assessed from existing data.) For both men and women, the sample was restricted to persons who were between the ages of 25 and 54 in the year prior to the divorce. Since their interest was in economic consequences, Duncan and Hoffman use a functional rather than a legal definition of marriage and do not distinguish between divorces and separations. A divorce or separation is defined as the transition from living with a spouse or long-term partner to living without that person for reasons other than death. Remarriages are defined analogously.
8. Data used in Chart 3.8 are taken from Duncan and Hoffman (1985, Table 14.A.7). Comparable information on family income and poverty rates for men, women and children undergoing divorce are shown in the appendix table corresponding to Chart 3.8.

Annex 3.1

THE PANEL STUDY ON INCOME DYNAMICS (PSID)

Since 1968 staff of the Panel Study of Income Dynamics has followed, interviewed annually, processed, analysed, and disseminated information from a representative sample of about five thousand families. At least one member of each family in the sample was in one of the families originally interviewed in 1968. The family is not an unchanging unit; hence the study has followed the original families that remained intact and also all members of the families who left home since 1968. Each year one primary adult in any family containing a member of one of those original families was interviewed. Split-off families are formed when children leave home, when couples divorce, and when more complicated changes break families apart. This procedure produces an unbiased sample of families each year, as new families formed by children leaving home replace families that die. As of the eighteenth wave of data, the sample consisted of some seven thousand families (sixteen thousand individuals). Interviews are conducted with the head of the household, defined as the husband in married couples. Couples not married but living together for two consecutive interviews are treated as though they are married.

The survey's original design focused on poverty by oversampling lower income and minority households. The sample therefore includes a large enough subsample of black families to permit separate analyses by race. Since the first two years of the study, losses to the Panel have been small, and checks against other data indicate no appreciable sample biases. Weights have been created to adjust for the original oversampling of the poor and for differential non-response and losses to the Panel.

The sample used consists of children born in 1967, 1968, or 1969 or the first two months of 1970, and present in the PSID in each of the first fifteen years following birth. For children born in 1967, we use data from 1968 through 1982; for those born in 1968, waves 69 through 83; and interviewing for those born in 1969 or early 1970, waves 70 through 84. Only PSID sample members are included, that is, persons who were either themselves present in the family in 1968, the first year of interviewing, or whose parent or parents were present.

We define a two-parent family as one headed by a married male, with the wife present in the household or by a man and women living together for at least one year in what appears to be a permanent cohabitation, and where the child is either the head's child or step-child. All other living arrangements are grouped in our "other" category, loosely termed "one-parent" but in fact quite diverse. This residual category consists of families headed by a lone parent as well as cases where the child and his mother remain in the home of the child's grandparents.

The child's living arrangement in each of his first fifteen years is as reported at the time of the given year's interview. Income in the PSID, however, is reported at the time of the interview for the previous calendar year. Our income measures then use data from the fourteen-year period beginning in the calendar year following the child's birth (or in 1970 for those born in early 1970), but exclude income for his fifteenth year, as that would not have been reported until year sixteen. In addition, we do not use income for any year in which there was a transition in the child's living arrangement from a two-parent to a non-two-parent family or vice versa, since annual measures for such a year do not accurately reflect conditions under either type of living arrangement.

Annex 3.2

Table for Chart 3.8. **Family income, income-to-needs ratios and poverty rates before and after divorce or separation for children, women and men**

	Children			Women			Men		
	Family income in $	Family income/ needs	Percent poor	Family income in $	Income/ needs	Percent poor	Family income in $	Income/ needs	Percent poor
1. One year before dissolution	23 213	2.7	12	26 168	3.6	7	25 403	3.6	6
2. One year after dissolution – no remarriage	13 822	1.8	27	14 781	2.6	13	–	–	–
3. One year after dissolution – all	15 866	2.1	23	17 168	2.7	11	21 488	3.7	4
4. Three years after dissolution – no remarriage	15 243	2.1	16	15 417	2.7	9	–	–	–
5. Three years after dissolution – all	19 317	2.2	8	21 317	3.2	9	24 470	4.0	3
6. Five years after dissolution – no remarriage	14 511	1.9	20	15 178	2.8	11	–	–	–
7. Five years after dissolution – all	22 380	2.6	17	22 781	3.4	10	25 874	4.2	3
2/1 : One year after, no remarriage/ one year before	0.60	0.67		0.56	0.72		0.85	1.03	
6/1 : Five years after, no remarriage/ one year before	0.63	0.70		0.58	0.78		–	–	
7/1 : Five years after – all/ one year before	0.96	0.96		0.87	0.94		1.02	1.17	

Source : Calculated from Duncan and Hoffman (1985), based on data from the Panel Study of Income Dynamics. Income figures are in 1981 dollars.

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Chapter 4

ANALYSIS OF THE DYNAMICS OF LONE PARENTHOOD: SOCIO-ECONOMIC INFLUENCES ON ENTRY AND EXIT RATES

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INTRODUCTION

This chapter analyses the flows into and out of lone parenthood by British women, using demographic and work histories of over 5 000 women. A large part of the study focuses on the dynamics of lone parenthood among mothers who had been married at least once, and who constitute the vast majority of lone parents in Great Britain.

Among this population, women become lone parents through marital dissolution, or because of a first birth before marriage of after its break-up. Deaths of the father are included in marital dissolutions, but death is the reason for only a small proportion of them. The outflows from lone motherhood arise because the mother enters a union with a man, within or outside marriage, or because the youngest child becomes an adult.

In 1980, the British Women and Employment Survey (WES) collected marital, child-bearing and employment histories from 5 320 women aged 16-59. About 800 of these women had been lone parents at least once during their lives. Starts and ends of marriages, as well as births, are dated in the survey, but there is an asymmetry: starts of marriages generally refer to the legal date of the marriage, whereas ends of marriages generally refer to the de facto rupture as reported by the woman rather than the date of the legal divorce. These are the dates that enter into the calculation of marital dissolution and remarriage rates in this chapter.

Primarily for heuristic purposes, we start with a simple model of the dynamics of lone parenthood. We then estimate models which allow the rates of inflow to and outflow from lone parenthood to vary with the characteristics of a woman, including the period of time during which she is exposed to the risk of an event occurring. The latter analysis focuses on an important sub-group of potential lone mothers, namely, those who have been married at least once.

A SIMPLE MARKOV MODEL

Basic Model

It is not possible to identify consensual unions in the WES demographic histories. Thus, although we would ideally like to characterize a woman at each point in time by whether she is in a union with a man and whether she is a mother with a dependent child(ren), our characterisation is limited to whether she is married or not and whether she has a dependent child(ren). Four states are considered:

1. Married, no children;
2. Married with a child(ren);
3. Unmarried, no children;
4. Unmarried with a child(ren).

The last state corresponds to lone motherhood.

We define a transition rate p_{ij} as the probability of moving from state i to state j in a month, assuming that only one transition can be made during that period. This transition rate is assumed to depend only on the state that the woman occupies, making the model a traditional Markov one. We also assume that a woman cannot change marital and motherhood status at the same time; that is, she cannot move directly from being unmarried with children to being married without children or vice versa, nor directly between being unmarried without children to married with children or vice versa, within one month. Thus, $p_{14} = p_{41} = p_{32} = p_{23} = 0$.

The other transition rates relate to more traditional demographic factors as follows:

p_{12} is the legitimate first birth rate;
p_{13} is the marital dissolution rate among married childless women;
p_{24} is the marital dissolution rate among married mothers;
p_{31} is the (re)marriage rate among unmarried childless women;
p_{34} is the illegitimate first birth rate;
p_{42} is the (re)marriage rate among unmarried mothers.

Finally, though less familiar, p_{21} and p_{43} are the probabilities that the youngest child will reach adulthood (age 16) for married and unmarried mothers, respectively.

Under the Markov assumption, transition rates can be estimated as the ratio of the number of occurrences of the event of interest (for example, marriage, first birth) to the total number of months of exposure to the risk of that event. Because, as demographers will readily recognize, the transition rate p_{ij} may be dependent on the duration in state i, or on, say, the woman's age, the Markov assumption is unlikely to be correct. Nevertheless, the Markov model serves the heuristic purpose of illustrating the large number of demographic rates involved in the determination of the number of lone-parent families and the expected duration of lone parenthood. However, it points the way toward a more realistic dynamic model. The estimates of the transition rates p_{ij} are given in Table 4.1.

The outflow from lone motherhood occurs through marriage or the child reaching adulthood. Thus, the rate of outflow equals $p_{42} + p_{43}$ ($+p_{41}=0$). The expected duration of

lone parenthood is given by $1/[p_{42} + p_{43}]$, which is 80 months or 6-2/3 years, according to the estimates of Table 4.1.

Table 4.1. **Estimates of transition rates P_{ij}**

	j=1	j=2	j=3	j=4
p_{1j}	0.97775	0.02137	0.00088	0.0
p_{2j}	0.00235	0.99679	0.0	0.00086
p_{3j}	0.01078	0.0	0.98861	0.00061
p_{4j}	0.0	0.0102	0.00235	0.98745

Notes: Transition rates are estimated as the ratio of the total number of occurrences of the event of interest to the total number of months of exposure to the risk of that event. Thus:

$$\sum_{j=1}^{4} P_{ij} = 1 \quad (i=1,2,3,4)$$

where: State 1 = Married, no children.
State 2 = Married, with a child(ren).
State 3 = Unmarried, no children.
State 4 = Unmarried with a child(ren), i.e., lone parenthood.

Define the 4x4 transition matrix $P = /p_{ij}/$ and let a_{it} be the probability of being in state i in period t. Then, the Markov assumptions entail that the row vector $a_t = [a_{1t}\ a_{2t}\ a_{3t}\ a_{4t}]$ is given by:

(1) $a_t = a_{t-1}p$.

The elements of the vector a_t, a_{it}, can be interpreted as the proportion of the population of women of child-rearing ages (say, below 50) in state i at time t. Thus, a_{4t} is the proportion of such women heading lone-parent families. Hence, given the population of such women, the number of lone-parent families is easily determined.

Because our estimated P matrix satisfies certain regularity conditions, there exists an equilibrium vector of probabilities of being in state i,

$\alpha = [\alpha_1\ \alpha_2\ \alpha_3\ \alpha_4]$, such that:

(2) $\alpha = \alpha P$.

In other words, if the proportions of women in states 1 through 4 are given by the elements of the vector a, then those proportions will be maintained over time. Given our estimates of the p_{ij} in Table 4.1, we can solve equation[2]analytically for a. The solution is:

(3) $\alpha = [0.097\quad 0.826\quad 0.010\quad 0.058]$.

Thus, if the estimated transition rates were maintained over a long period of time, 5.8 per cent of women of child-rearing ages would head a lone-parent family. This percentage could also be interpreted as the proportion of time a woman could expect to spend as a lone mother during the child-rearing age-span. Noting, for example, that the estimation of the transition rates pools women from a wide range of birth cohorts, this is not an implausible percentage. But the estimated proportion of women unmarried without children, $\alpha_3 = 0.019$, is implausibly low. This suggests the need to weaken some of the key assumptions in the basic model in order to capture greater realism.

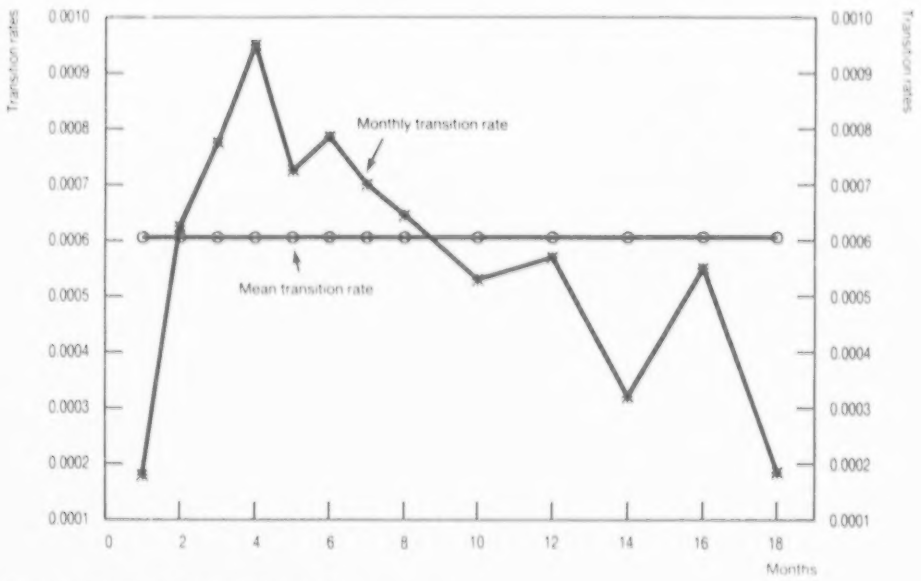
Variations from the Basic Model

First, we may allow for heterogeneity, that is, permit women with different characteristics to have different transition probabilities. We might expect, for example, that well-educated women would be less likely to have a child before marriage than poorly educated ones. Again, the probability that the youngest child will reach adulthood is clearly "zero" until he or she reaches the age of 16, and then it is "one". The pattern of this probability over the duration of lone motherhood evidently depends on the age of the youngest child at the outset.

Secondly, we might relax the first order Markov assumption. Our simple model treated the probability of marriage among unmarried mothers (state 4) as being the same whether or not they were previously married, thereby ignoring an important difference in their marriage rates. Our estimates indicate that the marriage rate of single mothers is about double the remarriage rate of previously married mothers.

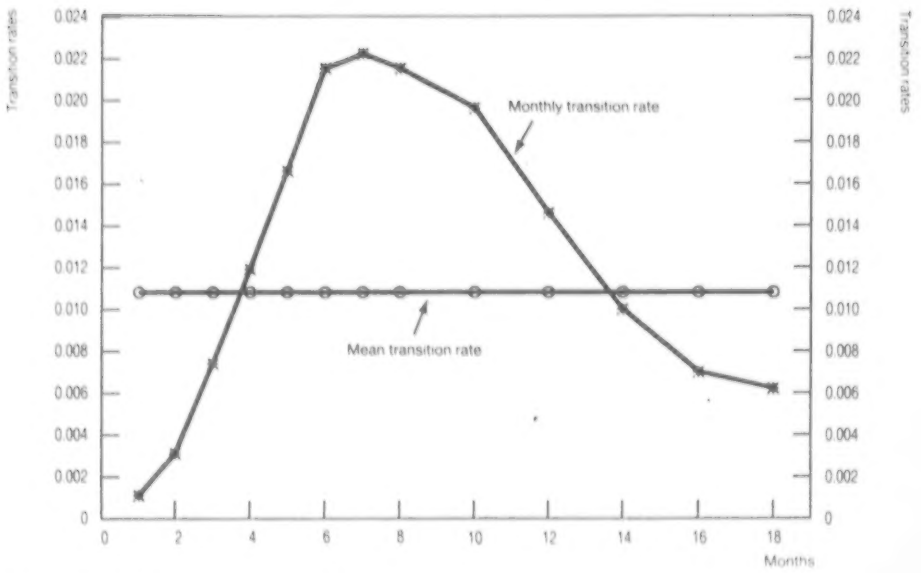
Thirdly, we might allow for duration dependence; that is, variation in a woman's transition probability according to the length of time spent in the state, rather than assuming a constant probability (as in the basic model). Indeed, this may explain the implausibly low estimate of α_1, the proportion of unmarried women without children, reported previously. If we were to start from a situation where all women are unmarried and

Chart 4.1. **ILLEGITIMATE FIRST BIRTH RATE**
By years since age 16



Note See Table 4.1 for definition of transition rates.
Source 1980 British Women and Employment Survey

Chart 4.2. **FIRST MARRIAGE RATE**
By years since age 16



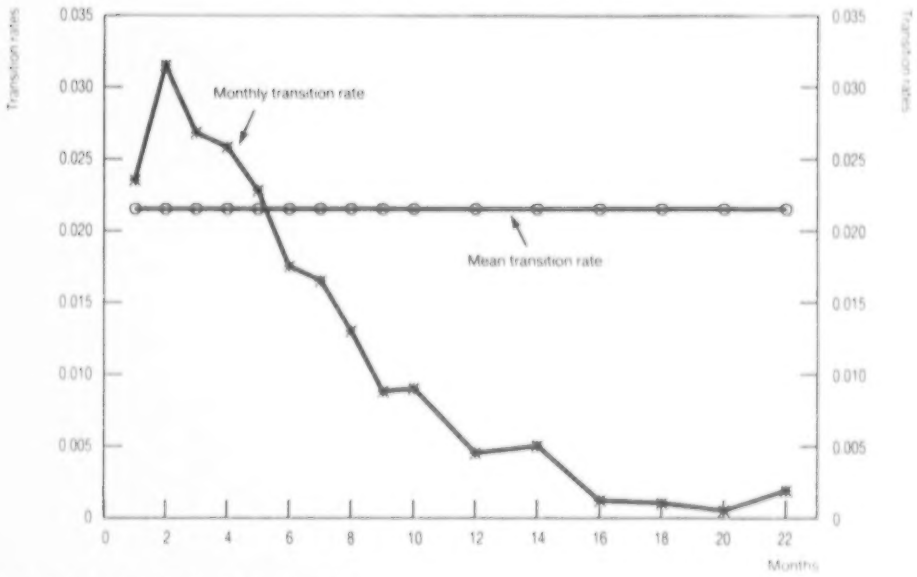
Note See Table 4.1 for definition of transition rates.
Source 1980 British Women and Employment Survey

without children, it would only take three years to converge to the equilibrium proportions in a. Accordingly, within three years all but two per cent of women would either be married, or mothers, or both. A more realistic period of time can be generated with certain patterns of duration dependence.

For reference, we now examine observed patterns of transition rates by duration of exposure. When calculating these patterns for illegitimate first birth rates and first marriage rates, we take the start of exposure to risk of the event from 16 years of age, and when a woman experiences another, competing event (for example, "marriage" when calculating illegitimate first birth rates), she has been treated as "censored" (that is, in the same way as when her observed period of exposure was ended by the interview rather than by the event of interest). Charts 4.1 and 4.2 show the strong relationship between the transition rate and the duration of exposure to risk. Similarly, Chart 4.3 shows that legitimate first birth rates vary considerably with the duration of first marriage.

The curves in Charts 4.1 and 4.2 reflect transition rates for women who have never been married:in Chart 4.1 they remain unmarried, whereas Chart 4.2 depicts their likely point of entry into a first marriage. Chart 4.3 refers to women during the course of their first marriage. While these groups – those never married and those in their first marriage – dominate the calculation of the respective transition rates in Table 4.1, it should be noted

Chart 4.3. **LEGITIMATE FIRST BIRTH RATE**
By years since age 16



Note: See Table 4.1 for definition of transition rates.
Source: 1980 British Women and Employment Survey.

that women who re-enter the childless unmarried state (state 3) and the married state (state 1) would experience different patterns of transition rates with the duration in the state. Thus, the transition rates depend on whether it is a woman's first or subsequent experience in a particular state *i*.

Summary

The simple Markov model provides a useful reference point for modelling the dynamics of lone parenthood, but, as we have seen, it needs modifications to capture more realistically certain elements of the transition patterns observed. What strategy should be used to capture these elements?

The primary difficulty in modelling lone parenthood arises from attempting to analyse illegitimate first births and marital dissolution rates of mothers, which represent two very disparate processes. If we focus on lone parenthood among mothers married at least once, who have constituted the vast majority of lone mothers in Great Britain (about 80 per cent), then the task is somewhat easier, as the next section shows. This is particularly so when we want to allow for variation in the transition rates among women with different characteristics.

Table 4.2. **Effect of different transition rates (p_{ij}) on equilibrium probability of being in state i (α_i)**

	Equilibrium vector α			
	α_1	α_2	α_3	α_4
Base case	0.097	0.826	0.019	0.058
Halving of legitimate first birth rate (p_{12})	0.184	0.739	0.025	0.052
Halving of (re)marriage rate of childless (p_{13})	0.094	0.809	0.039	0.057
Halving of (re)marriage rate of mothers (p_{42})	0.096	0.783	0.027	0.094
Doubling of illegitimate first birth rate (p_{34})	0.096	0.827	0.019	0.058
Doubling of marital dissolution rate of mothers (p_{24})	0.096	0.768	0.029	0.107

Notes: State 1 = Married, no children.
State 2 = Married, with a child(ren).
State 3 = Unmarried, no children.
State 4 = Unmarried with a child(ren), i.e., lone parenthood.

An analysis of the sensitivity of the estimate of the equilibrium proportion of lone mothers (α_4) to changes in some important demographic rates is also instructive. Table 4.2 shows that halving the marriage rate of childless women or halving the legitimate first birth rate has little effect on the proportion of women who are lone mothers, nor, more surprisingly, does doubling the illegitimate birth rate have much effect on this proportion. But doubling the marital dissolution rate of mothers or halving their (re)marriage rate almost doubles the proportion of women who are lone mothers.

Although subject to the limitations of the simple Markov model, these results provide further foundation for focusing on lone parenthood among ever-married mothers, for whom marital dissolution and remarriage rates are the determinants of inflow to and outflow from lone parenthood. It is for these reasons that in subsequent sections we restrict our analysis to ever-married mothers.

LONE PARENTHOOD AMONG EVER-MARRIED MOTHERS

Women run the risk of becoming ever-married lone mothers when they first become a mother, if married, or when they marry if they are already a mother. In the basic Markov model, the dynamics are completely summarised by a 2x2 rather than a 4x4 transition matrix, which is a significant reduction in the dimensions of the problem to be analysed. The entry and exit rates to lone motherhood are the previous p_{24} and p_{42}, respectively (ignoring the possibility that the youngest child reaches adulthood), giving a transition matrix with $p_{24}$and p_{42} as the off-diagonal elements, and 1-p_{24} and 1-p_{42} along the leading diagonal.

In this model, the equilibrium probability of an ever-married mother being a lone parent, α_4, is given by:

(4) $\alpha_4 = p_{24}/(p_{24} + p_{42})$.

Our estimates of p_{24} and p_{42} for ever-married mothers are 0.00086 and 0.008, respectively. These indicate, therefore, that 9.7 per cent of ever-married mothers would be expected to be lone mothers at any point in time, or that they would be expected to spend 9.7 per cent of their time as mothers heading a lone-parent family.

The expected duration of lone motherhood, D, is equal to $1/p_{42}$, or 125 months (10.4 years). This is much longer than the earlier estimate because we have ignored the possibility that a woman may leave lone motherhood when the youngest child reaches adulthood. When account is taken of this type of exit, then the expected duration of lone parenthood for ever-married mothers is 90 months or 7½ years.

But while this 2x2 Markov model over-simplifies, equation (4) is instructive. It can be re-written as:

(5) $\alpha_4/(1 - \alpha_4) = p_{24}D$.

Thus, the relative proportion of ever-married mothers heading a lone-parent family is equal to the product of the rate of inflow to lone parenthood and its average duration. In studying how the probability that an ever-married mother is a lone parent (α_4) varies with the characteristics of the mother, we need, therefore, to examine how the rate of inflow and the average duration vary with those characteristics.

Outline of a Modelling Strategy

Still focusing on ever-married mothers we move away from the simple model. We investigate, in turn, how the rate of inflow and outflow, that is, the marital dissolution and remarriage rates, vary with the characteristics of a woman. The expected duration of lone parenthood clearly depends not only on the remarriage rate but also on the age of the youngest child at the time the marriage dissolves, since the length of time before the youngest child reaches adulthood is determined by it. But the characteristics of a woman play no role in determining this period. Thus, a woman's characteristics influence the average duration of lone parenthood only through their influence on the remarriage rate.

In the sections below we consider two approaches, each of which has previously been used for modelling flows into and out of unemployment and on and off welfare rolls. The first allows for heterogeneity in transition rates across individuals, but retains the assumption that the rates do not vary with the duration in the state (see Hall, 1973 and Boskin and Nold, 1975 for applications to unemployment and welfare dependency, respectively). The second approach allows for both heterogeneity and duration dependence (see Lancaster, 1979 and Fenn, 1981 for applications to unemployment and sickness benefit, respectively). Another difference between the two strategies is that the first can easily incorporate information about multiple transitions into and out of lone parenthood, if these occur, whereas it is computationally more difficult to do so in the second approach. Both approaches only deal with multiple transitions by making strong assumptions about the form of the duration of dependence.

In theory, then, the two approaches are complementary. However, in practice, multiple transitions are relatively rare when heterogeneity but not duration dependence is assumed. Therefore, we concentrate on the second approach, which allows for both conditions. These results are then compared briefly to those generated with duration dependence absent.

Entry into Lone Parenthood: Marital Dissolution

In this analysis, the period during which a mother is at risk of marital dissolution starts from the date of the birth of her first child if that birth is within marriage, or at the date of first marriage if that birth preceded marriage. We model the distribution of the lengths of time to marital dissolution from these dates, taking into account the large proportion of women whose marriages did not dissolve before the date of interview in 1980. We confine the analysis to first marriages because the risk of dissolution may be different in subsequent marriages. Most of the time that women are exposed to the risk of dissolution occurs in first marriages.

The analysis employs the so-called proportional hazards model (Cox, 1972). The hazard rate corresponds to our transition rates above. It is the conditional probability of experiencing the particular event, in this case marital dissolution, in a short period of time, conditional on surviving up to that time without experiencing the event. In the proportional hazards model, the hazard rate at duration t (that is, the time since the starting date of the period at risk, or duration of married motherhood) is given by:

$$(6) \quad h(t,X = \lambda(t) \; exp \; (X\beta)$$

Where $\lambda(t)$ is a function expressing the relationship between the duration of time at risk and the hazard (that need not be specified); X is a vector of characterisitics of the mother; ß is a vector of parameters to be estimated, relating the characteristics to the hazard of marital dissolution. It is called the proportional hazards model because the shape of the hazard function with duration is the same for everyone, but its level varies proportionally with a mother's characteristics (X).

The WES reported a number of characterisitics of a woman which might affect the risk of her marital dissolution. The analysis included her educational qualifications, her occupation in her last job before she became a mother, her age at marriage, when she had her first child relative to her marriage date, the year in which her marriage began, whether she had subsequent children and when, and the length of her experience in paid employment ("work experience" for short) before and after her first birth. The reasons why these characteristics may affect the risk of marital dissolution are discussed below in connection with the estimates of ß (see Ermisch, 1986) for a more detailed discussion. The means of those variables that are determined by the start of the period at risk are shown in Table 4.3.

We first estimate a relatively simple model that focuses on the effects of characteristics determined at the start of the period at risk, that is, the start of married motherhood. This model assumes that the characteristics have the same proportional effect on the hazard rate at all durations of the period at risk; that is, they shift the hazard rate curve proportionally. We began with a general model including all the variables in Table 4.3, but then estimated more parsimonious models, which eliminated particular variables and re-grouped sets of categorical variables, and tested whether these restrictions were statistically acceptable using a likelihood ratio (chi-square) test. The estimates of the parameters (ß) in a statistically acceptable restricted model, and their respective standard errors and chi-square statistics (testing for a value of zero for that parameter) are given in Table 4.4. This is the estimation strategy we follow throughout:all estimated models presented below are statistically acceptable restricted versions of the general model.

We have also calculated the relative risk associated with particular values of a variable. The risk of dissolution for a woman with characteristics A relative to a woman with characteristics B, or her relative risk, is defined as the ratio of their respective hazard rates (that is, $h(t,A)/h(t,B) = exp[(A-B)\beta]$). In Table 4.4 we have computed the relative risk of

Table 4.3. **Right-hand side variables included in hazard regression model of divorce**

	Mean	Standard deviation		Mean	Standard deviation
1. Woman's occupation before first birth :			3. Period marriage began :		
Professional	0.117	–	Before 1952	0.234	–
Clerical	0.321	–	1952-1961	0.275	–
Sales	0.121	–	1962-1971	0.333	–
Skilled manual	0.078	–	After 1971	0.159	–
Semi-skilled manual	0.320	–			
Unskilled manual	0.013	–	4. Age at marriage (years)	21.75	3.28
No job	0.027	–			
2. Birth timing :		–	5. Woman's cumulative work experience at time of marriage		
Pre-marital birth	0.045	–	(months)	86.14	48.14
Pre-marital conception	0.157	–			
Birth 9-17 months	0.267	–			
Birth 18-27 months	0.156	–	6. Woman's educational qualifications :		
Birth 28-60 months	0.266	–	No qualifications	0.561	–
Birth more than 60 months	0.109		Some qualifications	0.148	–
			O-levels	0.149	–
			A-levels and above	0.142	–

Note : N = 804.

Table 4.4. **Proportional hazard analysis of marital dissolution : all durations**

	Parameter	Standard error	Relative risk[1]	Chi-square
No job before first birth[2]	-0.849	0.31	0.43	7.37
Birth timing[2]				
Before marriage	0.840	0.194	2.32	18.71
After marriage				
Less than 8 months	0.284	0.124	1.33	5.27
8-17 months	0.202	0.106	1.22	3.63
Marriage began[2]				
Before 1952	-1.351	0.197	0.26	46.97
1952-1961	-1.119	0.189	0.33	35.14
1962-1971	-0.651	0.175	0.52	13.78
Qualifications other than "O-level"[2]	0.207	0.101	1.23	4.20
Age at marriage : 23 years	-0.114	0.015	0.76	55.26
Age at marriage : 23 squared	0.00872	0.0021	17.05	

1. "Relative risk" is relative to the reference class for categorical variables and calculated for an increase of one standard deviation in the variable for continuous variables.
2. The reference categories are : had a job before first birth ; first birth beyond 17 months of marriage ; married after 1971 ; and either no qualifications of qualifications below O-level.

being in a particular category of a categorical variable relative to the reference class or associated with an increase of one standard deviation for continuous variables (for example, age at marriage). A relative risk above one indicates a risk higher than that of the reference class (or higher than that of a value of the continuous variable at one standard deviation lower). A value less than one indicates a lower risk.

These estimates show that age at marriage has a strong influence on the risk of marital dissolution. Women who marry at younger ages face a higher risk. This may be because women marrying younger tend to have spent less time looking for a partner, thereby making it more likely that they have made a poor match.

In England and Wales, the Divorce Reform Act (1969), which came into effect in 1971, amended the grounds for divorce by making it easier to obtain. It has affected the likelihood of marital dissolution at all durations among marriages since 1971 and at the higher durations for marriages contracted earlier. We see a clear gradient of relative risks in Table 4.4, with women marrying in earlier years facing a lower risk of marital dissolution.

There is also a gradient with respect to the timing of motherhood relative to the date of marriage. Women who have their first child before marrying face the highest risk of dissolution. The high risk may arise because they married a man other than the father of the first child or because the marriage to the father was precipitated by the arrival of the child. Women who conceived their first child before marriage (identified as births occurring within 8 months of the date of marriage) face the next highest risk. A pre-marital pregnancy is also likely to precipitate marriage, so that the risk of subsequent dissolution is higher. Early child-bearing within marriage (a birth 8-17 months after marriage) is also associated with a higher risk of dissolution, although not as high as pre-marital births or conceptions, perhaps because rapid child-bearing produces unexpected financial strains and impedes the process of learning about one's spouse.

Women with higher level qualifications (above "O-level") are also more likely to dissolve their marriages. Controlling for qualifications and other characteristics, women who did not have a job before the birth of their first child face a lower risk of marital dissolution. Thus, having some work experience before the first birth increases the risk of marital dissolution, but the amount of experience does not have a significant effect on the risk.

The model estimated above assumes that a woman's characteristics have the same proportional effects on the hazard rate at all durations at risk and ignores the effects of characteristics that change over the period at risk, such as a woman's work and child-bearing experience. A statistic which tests the validity of the proportionality assumption rejects it for "age at marriage" and "occupational" variables in Table 4.4. Therefore, we have divided the duration of married motherhood into three-year segments and estimated a proportional hazards model for each segment. In this formulation, variables may have different effects on the hazard of marital dissolution at different durations, and the proportionality assumption is more likely to be satisfied in these segments than over the whole range of durations. This segmentation also made it easier to introduce into the analysis variables which vary with duration, such as work experience since the first birth. The estimates of the parameters in ß, and their respective standard errors and chi-square statistics, are given in Annex 4.1, Table 4.A.1.

The main conclusions about the effects of age at marriage, timing of motherhood and year of marriage on marital dissolution drawn from Table 4.4 are not affected by this more detailed analysis. We focus, therefore, on the effects of variables that vary with marriage duration. Table 4.5 shows the relative risk of dissolution for a woman with work experience

Table 4.5. **Relative risk of marital dissolution associated with more work experience, by marriage duration interval**

Marriage duration interval	Relative risk from more work experience (years)[1]	
	At first birth	After first birth[2]
0-3 years	1.28	Not applicable
3-6 years	1	1.27
6-9 years	1	1.19
9-12 years	1	1.26
12-15 years	1	1.25
15-20 years	1	1.18

1. Relative risk is calculated for an increase of one standard deviation in work experience in the relevant interval. Relative risks different from unity are statistically significant at the 0.10 level or less (see Annex 4.1, Table 4.A.1).
2. Work experience is measured up to the beginning of the marriage duration interval.

at the beginning of each marriage duration interval that is one standard deviation higher than average. A relative risk of "one" means that the variable does not affect the hazard rate. All relative risks different from one in Table 4.5 are statistically significant at conventional levels.

A woman's work experience after her first birth has a consistently strong effect on the risk that her marriage will dissolve, the longer the experience the greater being the risk. During the first three years of married motherhood, more work experience before motherhood also raises the risk. Women with larger amounts of recent work experience tend to have higher earning power; thus, with a better ability to support themselves, they may be more willing to dissolve an unhappy marriage. Moreover, their employment may provide better opportunities for meeting another partner who compares favourably with their present one.

More participation in paid employment by the mother could be the result of financial strains, which both encourage the mother to work and de-stabilize the marriage. Thus, work experience after the first birth may just be an indicator of financial strains on the marriage. There could also be some reverse causation. Women who perceive that they are in a shaky marriage, with a high risk of splitting up, may participate in paid employment as financial "insurance" in the event of their divorce.

Although early child-bearing, particularly pre-marital births and conceptions, raises the risk of marital dissolution, we found that a second birth within three years of the first reduces the risk. This could arise because a second child reinforces the marriage, or the cause could be the opposite:couples who feel their marriage to be on firm ground go on to have a second child.

Going on to have a larger family than two children within nine years of the first child does not, however, reduce the risk of dissolution but, rather, increases it. Perhaps, this is the result of financial strains arising in larger families or because larger than normal families often reflect unexpectedly high fertility not anticipated at the time of marriage.

A woman's occupation in her last job before her first child and her academic qualifications appear to be related to her risk of marital dissolution only during the years immediately following her first child. Women with educational qualifications at "A-level" or above are more likely to experience marital dissolution. But, all else being equal, women in

professional occupations, primarily teaching and nursing, are least likely to dissolve their marriage, and those in other non-manual occupations are less likely than others, although more likely than those in professional occupations.

Selection and economic circumstances of lone parents

All these characteristics affect the likelihood that a woman will become a lone parent through marital dissolution. Put differently, they "select" women into lone parenthood. To what extent, however, do these selection factors influence the economic circumstances of lone-parent families?

There is evidence that women who marry younger, particularly as teenagers, tend to come from the least advantaged family backgrounds and shortest educational and occupational careers (Kiernan, 1986). Thus, if their marriages dissolve they tend to be in poor economic circumstances. The high risk of marital dissolution among women marrying young is likely, therefore, to produce one-parent families in poor economic circumstances. This tendency is reinforced given the assumption that greater participation in paid employment after the first child, which raises the risk of dissolution, is indicative of a couple's poor financial situation. Furthermore, we have found that, other things being equal, it is women in manual jobs, which tend to be low paid, who face the highest risk of dissolution. On the other hand, women who have had more work experience tend to have higher earning power. We have also found that, given their other characterisitics, women with higher-level qualifications are more likely to dissolve their marriages.

It is not possible, therefore, to state conclusively whether the characteristics that affect the risk of marital dissolution select women for lone parenthood who are better or worse off than the average. There is, however, some suggestion that it selects those in poorer economic circumstances and thereby worsens the economic plight of lone mothers.

Duration dependence

Finally, the estimated models for the three-year duration segments allowed us to explore how the hazard of marital dissolution varies over the duration of married motherhood for a woman with a particular set of characteristics. This was done by assuming that the hazard is constant within each segment [that is, $\lambda(t)$=constant within each segment]. Imposing this assumption produced estimated effects of a woman's characteristics (ß) very similar to those estimated previously (Annex 4.1, Table 4.A.1).

Table 4.6 shows the duration patterns of the hazard rate over the first 15 years of marriage for women married in different time periods. Note that, even though we control for groups of marriage years in the model, because only older generations of women are represented at the higher durations, it is difficult to separate the effect of duration on the hazard from that of generation at these durations.

Women married before 1952 were observed, however, over their entire first 15 years of marriage:the Divorce Reform Act could not have influenced the hazard rate during this period. The hazard falls after the first three-year interval and then remains relatively constant. The estimates of the patterns for the later groups of marriage years are likely to be confounded by the effects of the Divorce Reform Act at particular durations (for example, 1952-61) or by basing the hazard rates at higher durations on earlier generations (for example, after 1971). For what they are worth, the estimates for women married more recently suggest that the hazard rate rises to a peak in the second interval and then declines in successive intervals up to 15 years duration.

Table 4.6. **Monthly hazard rates in marriage duration intervals**

	MARITAL DISSOLUTION			
	Married :			
	Before 1952	1952-61	1962-71	After 1971
Marriage duration interval (years)				
0-3	0.00046	0.00032	0.00058	0.00104
3-6	0.00031	0.00031	0.00090	0.00210
6-9	0.00034	0.00053	0.00094	0.00094
9-12	0.00031	0.00081	0.00081	0.00081
12-15	0.00037	0.00069	0.00069	0.00069

	REMARRIAGE	
	Marriage ended :	
	1971 and before	After 1971
0-3	0.00923	0.01346
3-6	0.00834	0.01255
6-9	0.00280	0.00691
9+	0.00473	0.00473

Notes : Estimated from a proportional hazards model which assumes that the hazard is constant within each three-year interval ; this is equivalent to model in which the durations within each interval follow an exponential distribution. The marital dissolution hazard rates are calculated for a woman without any qualifications, in a semi-skilled manual occupation in her last job before her first birth, whose first birth occurred 18 months or more after her marriage, who had the mean amount of work experience before and after her first birth, who married when 23 years old, whose second birth occurred more than three years after her first and who did not have a third birth within nine years of the first.
The remarriage hazard rates are calculated for a woman aged 33 at "divorce" (that is, end of first marriage), who had been married for 15 years, who had ten years of work experience at "divorce", whose last job before her first birth was in a clerical occupation, who had two children and no post-compulsory education.

Exit from Lone Parenthood: Remarriage

The duration of lone parenthood for previously married mothers depends on their remarriage patterns. Characteristics of a woman that raise the likelihood of her remarriage reduce the expected duration of lone parenthood.

The remarriage analysis again used a proportional hazards model similar to that in equation[6]. For remarriage, the duration "at risk" starts from the date of the de facto end of the first marriage, which we shall call the "date of divorce" for short. The date of remarriage is the legal one, which may be after the date when the new union is formed. The characteristics (X) that we believed might affect the hazard rate for remarriage or the remarriage rate are shown in Table 4.7 (Ermisch, 1986, discusses reasons why these factors are likely to be important). All these variables are measured at or before the end of the first marriage.

As for marital dissolution, we start by estimating a simple model that focuses on the effects of characteristics determined at the start of the period at risk, namely, the end of the first marriage. This model also assumes that the characteristics have a proportional effect on the hazard rate at all durations of the period at risk; that is, they shift the hazard rate curve proportionally. Table 4.8 shows the estimates of the parameters and the relative risks for this model.

Table 4.7. **Right-hand side variables included in hazard regression model of remarriage**

	Mean	Standard deviation		Mean	Standard deviation
1. Woman's occupation before first birth:			4. Woman's marital duration (years):	16.61	9.37
Professional	0.109	–			
Skilled manual	0.081	–	5. Woman's age at time of divorce:	33.69	10.18
Semi-skilled manual	0.341	–			
Unskilled manual	0.017	–			
No job	0.019	–	6. Woman's cumulative work experience at time of divorce (months):	118.24	76.56
2. Period marriage ended:					
After 1971	0.562	–			
			7. Woman's level of post-compulsory education:		
3. Children ever born at time of divorce:			None	0.63	–
None	0.192	–	1 year	0.163	–
1	0.240	–	2 years	0.073	–
2	0.300	–	3 years or more	0.101	–
3	0.154	–			
4 or more	0.114	–			

Note: N = 804

By far the strongest influence on the remarriage rate is the age of the woman at divorce. Older women are less likely to remarry and can expect, therefore, a longer duration of lone parenthood. Because of the steep decline with age in the ratio of unmarried men to women, there tends to be a poorer remarriage market for older women, which depresses their remarriage rate.

In contrast, an increase in the number of divorces provides a better marriage market for the previously married. Thus, the remarriage rate was likely to be higher after the

Table 4.8. **Proportional hazard analysis of remarriage: all durations**

	Parameter	Standard error	Relative risk[1]	Chi-square
Manual occupation before first birth[2]	–0.257	0.104	0.77	6.09
4 or more children[2]	–0.484	0.221	0.62	4.79
Marriage ended after 1971[2]	0.402	0.117	1.49	11.75
Duration of first marriage (years)	0.052	0.014	1.63	12.95
Age at "divorce" (years)	–0.105	0.015	0.34	47.62
Log of work experience at "divorce" (months)	0.174	0.099	1.09	3.09

1. "Relative risk" is relative to the reference class for categorical variables and calculated for an increase of one standard deviation in the variable for continuous variables.
2. Reference categories are: non-manual occupation before first birth; less than four children at "divorce"; marriage ended 1972.

Divorce Reform Act took effect in 1971. We find, indeed, that women whose first marriage ended after 1971 are more likely to have remarried and experienced a shorter duration of lone parenthood.

Women with unobservable characteristics favourable to marriage would tend to have been married longer than other women whose first marriage had come to an end. The duration of the first marriage could be a proxy therefore, for these unobserved traits favouring marriage. Thus, we find that women whose first marriage lasted longer are more likely to remarry. This variable plays the role primarily of a control for unobservable traits, so that better estimates of the influences of the other variables can be obtained.

A longer time in paid employment up to the end of the first marriage increases the likelihood of a woman's remarriage and reduces the expected duration of lone parenthood. This effect may arise because being employed provides better opportunities for finding a new partner. These opportunities may result in a woman finding another partner during the first marriage, thereby precipitating both divorce and early remarriage.

Women with families of four or more children are much less likely to remarry. A large, ready-made family may make a woman less attractive in the marriage market, in part because an earlier husband's children are often a source of friction in a second marriage. A large family also reduces the opportunities for finding a new partner. Thus, large lone-parent families are likely to remain in that state for a longer time.

Women in non-manual occupations before their first birth have higher remarriage rates and shorter durations of lone parenthood. Such women are more likely to be in paid employment after the end of their first marriage, which provides them with better opportunities to meet a new husband.

A statistical test suggests that the age at the end of the first marriage does not have a proportional effect on the remarriage rate at all durations. We have also included work experience after the end of the first marriage as a factor affecting remarriage. Thus, analagous to the earlier analysis we break up the duration at risk into three-year intervals. The estimates of the parameters ß along with their standard errors and chi-square statistics are given in Annex 4.1, Table 4.A.2. The main conclusions drawn from Table 4.8 are confirmed in this analysis; thus we focus on new insights from it.

A woman's experience in paid employment at divorce has a small effect on her remarriage rate in the first three years after divorce. More work experience at divorce increases the likelihood of her remarriage in these first three years, but has no effect afterwards. However, a larger amount of work experience after divorce substantially raises her remarriage rate in the next three years and reduces the expected length of lone parenthood. This latter result provides further evidence that the effects of work experience arise because being employed provides better opportunities for finding a new partner. We also find an effect of educational attainment, which was not evident in the earlier analysis. Women with higher educational attainments have higher remarriage rates and shorter durations of lone parenthood.

Selection and economic circumstances of lone parents

Thus, remarriage tends to select women with more work experience, higher educational attainments, higher-level occupations and concomitant higher earning power, leaving in lone parenthood those women less able to support their families. It also selects women with smaller families. The factors influencing the likelihood of remarriage tend, therefore, to select out of lone parenthood those likely to be in better economic circumstances, leaving those in poorer circumstances. Older women are also more likely to remain lone parents, but it is unclear whether they are generally better or worse off economically.

Duration dependence

In the same way as for marital dissolution, we explored how the remarriage rate varies with duration at risk, controlling for the observable characteristics of a woman. A constant hazard rate is imposed in each three-year interval and the estimates of the impacts of woman's characteristics on her remarriage rate are very similar to those estimated previously (in Annex 4.1, Table 4.A.2). Table 4.6 shows that the remarriage rate declines with time after the end of the first marriage (at least up to nine years) irrespective of whether the first marriage ended before or after 1971. The rate of remarriage is, however, higher for marriages ending after 1971.

The Markov Model with Heterogeneous Transition Rate

This model supposes that the entry and exit hazard rates (assumed constant at each duration) can be written in the form:

$$(7) \quad h(X) = exp(X\beta)/[1+exp(X\beta)]$$

Where X and ß are interpreted as before. The use of the logistic form in (7), standard in this form of model, ensures that $h(X)$ lies between 0 and 1. Noting that the probability of observing some sequence of transitions for an individual is:

$$[(h_{entry})^{T12}] \times [(1-h_{entry})^{T11}] \times [(h_{exit})^{T21}] \times [(1-h_{exit})^{T22}]$$

where lone parenthood is state 2 and T_{ij} is the number of transitions made from state i to state j, the parameters $ß_{entry}$ and $ß_{exit}$ can be estimated by maximum likelihood methods (see Table 4.9, notes).

Table 4.9. **Estimates of the Markov model with heterogeneity**

	Entry probability		Exit probability	
	Parameter estimate	Standard error	Parameter estimate	Standard error
Constant	-4.563	0.360	-2.098	0.561
Timing of first birth :				
Before marriage	0	0	0	0
After marriage :				
Less than 8 months	-0.415	0.182	-0.673	0.218
8-17 months	-0.564	0.176	-0.269	0.194
18-27 months	-0.615	0.189	-0.611	0.249
28-60 months	-0.810	0.183	0.043	0.212
More than 5 years	-0.689	0.221	-0.853	0.294
Age at marriage	-0.093	0.014	-0.139	0.025
Year of marriage :				
1952-1961	0.050	0.097	0.280	0.144
1962-1971	0.323	0.103	0.862	0.143
After 1971	0.764	0.166	0.795	0.369

Notes : Reference categories are a pre-marital birth and marriage before 1952. Likelihood ratio test of restricted model compared to the general model with occupation and qualifications variables and work experience at marriage as well (see variables in Table 4.3) : chi-square = 22.2.

Mean number of transitions, T_{ij}, made from state i to state j, where state i is married motherhood and state j is lone motherhood :

$$T_{11} = 193.44 ; T_{12} = 0.18 ; T_{21} = 0.075 ; T_{22} = 11.375.$$

Transitions are measured monthly.

Given the nature of the model (in particular the multiple transition aspect), all explanatory variables *(X)* are measured at the start of married motherhood. Thus, the list of explanatory variables (and sample size) is the same for both entry and exit hazards (marital dissolution and remarriage rates), and is the same as in Table 4.3. The mean numbers of transitions are given in Table 4.9. The estimated parameters of a statistically acceptable restricted model are given in Table 4.9, and their implications are summarized in Table 4.10.

Table 4.10. **Implications of parameter estimates of Table 4.9 for women with particular characteristics**

	Probability of:[1]		Equilibrium[1] probability of being a lone parent	Expected duration of:[1]	
	Entry	Exit		Lone parenthood (years)	Marriage (years)
Woman's "type"[2]					
1	0.0016	0.0069	0.186	12.1	53.0
2	0.0029	0.0126	0.188	6.6	28.7
3	0.0013	0.0131	0.090	6.4	64.4
4	0.0007	0.0023	0.248	16.0[3]	111.3
5	0.0023	0.0119	0.160	7.0	36.6
6	0.0007	0.0018	0.281	16.0[3]	119.7
7	0.0042	0.0217	0.162	3.8	19.8

1. The probability of entry to lone parenthood is h_{entry};
   The probability of exiting lone parenthood is h_{exit};
   The equilibrium probability of being a lone parent is $h_{entry}/[h_{entry} + h_{exit}]$;
   The expected duration of lone parenthood is $1/h_{exit}$;
   The expected duration of marriage is $1/h_{entry}$.
2. Types of women according to their characteristics:
   (1) (reference type) 22 years old at marriage; first birth 18-27 months after marriage; and married after 1971.
   Then as (1) except:
   (2) a pre-marital conception;
   (3) first birth 28-60 months after marriage;
   (4) aged 30 at marriage (approximately one standard deviation above mean);
   (5) aged 18 at marriage (approximately one standard deviation below mean);
   (6) aged 30 at marriage; first birth more than 5 years after marriage;
   (7) premarital conception and aged 18 at marriage.
3. Expected duration set to maximum of 16 years.

These results broadly confirm the picture drawn earlier. Taking the entry probability (marital dissolution) first, we see again the key roles played by age at marriage, the timing of birth and year of marriage. Higher risks of entry into lone parenthood (marital dissolution) are associated with marriage at a younger age and marriage in more recent times. An inverted J-shaped relationship between the risk of marital dissolution and the timing of motherhood is suggested in Table 4.9. Women having a baby before marriage face the highest risk (this is the reference category in this analysis), and the risk generally declines with first births later within marriage, but women becoming mothers more than five years after marriage appear to face a slightly higher risk than those giving birth 28-60 months after marriage.

The results for the remarriage rate (exit probability) echo the earlier ones. A key role is played by age at marriage, with women marrying younger having a better chance of leaving lone parenthood, and therefore experiencing shorter durations of lone parenthood. Noting that the ages at marriage and "divorce" are positively correlated, this result is

consistent with that in Table 4.8. Marrying in more recent years is also associated with shorter durations of lone parenthood:this is consistent with the shorter durations associated with a more recent end of first marriage in Table 4.8. The evidence in Table 4.9 that lower remarriage rates and longer durations are associated with first births, early and late, within marriage is difficult to compare with the earlier remarriage analysis, which measured the variables at the end of the first marriage. There is a tendency for women who start child-bearing early to have larger families; thus, the effect of early first births on remarriage may reflect an inverse relationship between family size and the probability of remarrying. But such a relationship was only evident for very large families in the earlier analysis.

One particular advantage of this Markov model is that it is easy to calculate the equilibrium probability of being a lone parent and the expected duration of lone parenthood for mothers with particular characteristics. This is done in Table 4.10. For instance, a woman who conceived her first child before marriage and married young has a relatively high probability of entering lone parenthood through the dissolution of her marriage (case 7, in Table 4.10), but she also has a very high probability of remarriage, so that her expected duration of lone parenthood is short. In contrast, a woman marrying quite late in life (case 4) faces a low risk of marital dissolution, but if she does become a lone parent remains so for a very long time. This long expected duration produces a high (equilibrium) probability of being a lone parent at any given time, much higher than a woman marrying as a teenager after a pre-marital conception.

Summary

To summarize the results from these models:the risk of marital dissolution is higher for women marrying at younger ages:for those who have been in paid employment, particularly since becoming a mother; for those with qualifications above "A-level"; for those marrying in later years, particularly after 1971. It is lower for women in professional occupations just before their first child, and there is a gradient with respect to the timing of the arrival of their first child. Women having their first child before marriage face the highest risk, followed by women who conceived a child before marriage, then by women having their first child early in marriage (8-17 months), and finally, by women becoming mothers later on. Women who go on to have a second child within three years of the first run a lower risk of marital dissolution.

With regard to remarriage and the expected duration of lone motherhood, women who are younger, or have more work experience at the end of the first marriage and in the following years, or whose first marriage lasted longer, face shorter periods of lone parenthood, as do women whose marriage ended after 1971. Women with four or more children or who were in a manual occupation or who had minimal educational attainments tend to be lone parents for a longer time.

We have focused on the dynamics of lone parenthood among mothers who had been married at least once. Even among these women, we have not considered spells of lone parenthood before marriage. While ever-married mothers constitute the vast majority of lone parents in Great Britain, the proportion of single mothers has been increasing, and in other countries, particularly the United States, the size of the single-parent group is significant. Analysis of the dynamics of lone parenthood among single women should come next on the research agenda.

Annex 4.1

Table 4.A.1. **Proportional hazard analysis of marital dissolution, by marriage duration interval**

	Parameter	Standard error	Relative risk[1]	Chi-square
		0-3 years marriage duration		
Professional occupation before first birth	-1.647	0.653	0.19	6.37
Other non-manual occupation	-0.370	0.212	0.69	3.05
Birth timing : before marriage	1.192	0.343	3.29	12.05
Marriage began :				
Before 1952	-0.845	0.312	0.43	7.34
1952-1961	-1.202	0.331	0.30	13.15
1962-1971	-0.615	0.267	0.54	5.32
Qualifications at "A-level" or above	0.639	0.376	1.89	2.88
Age at marriage : 23 years	-0.247	0.055	0.45	20.26
Work experience at first birth (years)	0.062	0.035	1.28	3.08
		3-6 years marriage duration		
Birth timing after marriage:				
8-17 months	0.532	0.218	1.70	5.98
Marriage began :				
Before 1962	-1.954	0.312	0.14	39.14
1962-1971	-0.886	0.281	0.41	9.95
2 children by third year	-0.421	0.218	0.66	3.72
Age at marriage : 23 years	-0.145	0.041	0.63	12.69
Work experience since first birth (years)	0.276	0.103	1.27	7.13
		6-9 years marriage duration		
Marriage began :				
Before 1952	-1.008	0.305	0.36	10.92
1952-1961	-0.553	0.244	0.58	5.14
Age at marriage: 23 years	-0.137	0.036	0.70	14.51
Age at marriage : 23 squared	0.00882	0.00535		2.72
Work experience since first birth (years)	0.09924	0.05556	1.19	3.19
		9-12 years marriage duration		
Birth timing : before marriage	0.898	0.439	2.45	4.19
After marriage : less than 8 months	0.514	0.274	1.67	3.52
Marriage began : before 1952	-0.965	0.315	0.38	9.36
3 or more children by ninth year	-0.454	0.235	1.57	3.71
Work experience since first birth (years)	-0.088	0.04	1.26	4.82
		12-15 years marriage duration		
Occupation before first birth :				
Sales job	0.923	0.294	2.52	9.86
Unskilled manual	1.277	0.6	3.59	4.53
Birth timing : before mariage	1.15	0.606	3.16	3.6
After marriage : less than 8 months	0.485	0.312	1.62	2.42
Marriage began : before 1952	-0.633	0.292	0.53	4.69
Age at marriage : 23 years	-0.066	0.044	0.81	2.29
Work experience since first birth (years)	0.0635	0.033	1.25	3.67

1. "Relative risk" is relative to the reference class for categorical variables and calculated for continuous variables as an increase of one standard deviation.

Table 4.A.2. **Proportional hazard analysis of remarriage**

	Parameter	Standard error	Relative risk[1]	Chi-square
	0-3 years marriage duration			
Manual occupation before first birth	-0.244	0.151	0.78	2.61
3 children	0.323	0.196	1.38	2.7
4 or more children	-0.761	0.382	0.47	3.97
Marriage ended after 1971	0.351	0.147	1.42	5.68
Duration of first marriage (years)	0.0495	0.0184	1.59	7.24
Age at divorce	-0.098	0.02	0.37	24.33
Log of work experience at divorce (months)	0.228	0.144	1.12	2.5
3 or more years post-compulsory education	0.478	0.151	1.27	3.69
	3-6 years marriage duration			
Skilled manual occupation before first birth	-0.659	0.399	0.52	2.73
Professional occupation before first birth	-0.624	0.426	0.54	2.15
4 or more children	-0.923	0.48	0.40	3.69
Marriage ended after 1971	0.453	0.218	1.57	4.33
Duration of first marriage (years)	0.079	0.04	2.10	3.94
Age at divorce	-0.136	0.036	0.25	14.73
Work experience in 3 years since divorce (months)	0.0159	0.0071	1.21	5.02
	6-9 years marriage duration			
2 children	-0.775	0.306	0.46	4.23
3 children	-1.86	1.024	0.16	3.30
Marriage ended after 1971	0.97	0.433	2.64	4.80
Age at divorce	-0.057	0.022	0.56	7.00
No post-compulsory education	-0.501	0.306	0.61	2.68
	9 or more years marriage duration			
Duration (years) of first marriage	0.073	0.049	1.98	2.22
Age at divorce	-0.114	0.043	0.31	7.11
Professional occupation before first birth	0.672	0.489	1.96	1.89

1. "Relative risk" is relative to the reference class for categorical variables and calculated for continuous variables as an increase of one standard deviation.

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Chapter 5

LONE-PARENT FAMILIES: FAMILY LAW AND INCOME TRANSFERS

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INTRODUCTION

This chapter focuses on the impact of family law on the economic position of lone-parent families. That position exemplifies a trend, which is beginning to affect all families, towards increasing flexibility and complexity in household incomes[1]. We can no longer divide households into those which are economically productive and those which are dependent on the State or on other households for support. The head, in nine out of ten cases the female head, of a one-parent family must put together a complex package of support using a variety of resources whose relative importance will vary over time and which have complex interrelationships[2]. Her package may include income from other households of which she was formerly a member. The income may be received from her parents or a former partner or husband or cohabitee, including both capital and periodic transfer payments to herself or her children. Secondly, it will include whatever she earns, which in turn will be affected by both her present child-care responsibilities, her skills and training, and by the effect of time she has spent out of the labour market caring for other family members, old and young. Finally, she may draw on transfer payments from the State in her capacity as a parent, usually through the basic means-tested assistance or welfare schemes rather than the more generous insurance schemes associated with regular employment[3].

The balance among these various sources of income will alter over time according to her own age and the state of her health, her marital status, and the age of her youngest child, and the cause of her lone parenthood. Her earning capacity is less likely to be affected by the latter factor, but the balance between public and private provision will be directly linked to her family status.

THE ROLE OF FAMILY LAW IN THE ALLOCATION OF PARENTAL RESOURCES

The possibility of obtaining legally endorsed support from the absent parent arises only when two conditions are fulfilled: that parent can be identified; he or she has resources that can be tapped.

Family Law and the Widow

Identification is not a problem in the case of a deceased parent. Family resources are generally allocated along well defined guidelines, according to the testatory wishes of the deceased and the legal provisions surrounding legacies to kin and dependents. Disputes are likely only when an unusual will is discovered or, occasionally, when a man has divorced and remarried in a situation where the assurance society responsible for his death-in-service pension rights is free to devise its own allocation criteria, which may or not accord with social norms or the needs of his surviving families. This is a problem for a decreasing group, but which will continue to cause them difficulties.

Family Law and the Unmarried Mother

There is an increasing number of absent biological fathers who have not taken part in a long-term relationship either by setting up home with or marrying the mother. In the United States, this group now forms 25 per cent of the total single-parent population and a smaller though increasing percentage in several West European countries. This form of family structure may be seen as a prelude to future family formation as the solo parent may go on to form another relationship later in life. Usually the mother is young, only one child is involved, and they may be absorbed into the mother's family of origin. The father may be difficult to identify and have insufficient resources to make any significant financial contribution to the child's upbringing. The formal mechanism used here to require the father to pay support, which is usually called the affiliation order, is set at a low level in most countries, seldom sought after, seldom enforced, and has not attracted legal attention towards its procedures or enforcement since the potential yield would not justify a large investment in compliance through the agencies of public and private law. This group of single-parent families is sometimes difficult to differentiate in official statistics from the children born to cohabiting couples who prefer not to marry. In Denmark, in 1985, 40 per cent of babies were born outside marriage but of these the majority were thought to have been born to stable, cohabiting couples[4].

Family Law and the Separated or Divorced Parent

Still the largest group of lone-parent families in most OECD countries, though perhaps now stabilising after a period of rapid increase, exists as a result of separation or divorce, though here too we must be cautious and attribute the levelling out of divorce at least in part to the increase in cohabitation rather than marriage, making family breakdown less officially visible. It is for this group [it is, for example, two-thirds of the single-parent population in the United Kingdom[5]] that family law has a greater part to play.

First, the law is concerned in the allocation of the property of the spouses at divorce. Here vital questions are at issue concerning the definition of this property, that is, whether it includes the earning capacity of either spouse as well as the tangible assets, including primarily any equity in the matrimonial home, or debts.

Second, the law is concerned in the allocation of child or family support. At issue in both cases are the level, criteria for, and period of support. Special criteria may apply to the custodial parent: does she require some form of periodic support payments either as compensation for her lost earnings or earning capacity as a result of child-bearing in the past, or to enable her to meet the extra costs of child care while working after the divorce, or to enable her to stay at home and care for young or sick children?

The remainder of the chapter focuses on the role of family law in allocating resources to the single-parent family after divorce, drawing on background information supplied to the OECD Secretariat by consultants from Australia, Denmark, France, Switzerland and the United Kingdom. A tabular description of current arrangements in these countries can be found as an appendix. The presentation focuses not on the details of provision but on the current debates in these countries and on the policy developments which are currently under discussion. Despite the diversity of traditions and institutions, it has been surprising to discover a high degree of homogeneity in the present key areas of debate concerning wife support and whether it should continue, and how levels of child support should be set and compliance achieved.

Wife Support

The rapid increase in divorce rates has been accompanied by a widespread reluctance to attach blame to either party for the breakdown of marriage. In Sweden, fault-based divorce is not available; in France, Switzerland and the United Kingdom, fault is only one of several grounds for divorce, and in the United States the number of states accepting no-fault divorce has risen from one in 1970 to over 20 in 1987. Fault can be linked to financial arrangements in law in, for example, France, Switzerland and the United Kingdom, but judicial practice departs from this link. Acceptance of marriage breakdown as the decision of two adults to stop living together rather than as a proven offence with guilt and innocence to be apportioned has, in turn, been associated with acceptance of the need for the two parties to separate out their financial relationship and to aim to end it with a "clean break" arrangement by dividing their property. The woman is not encouraged to continue to depend on her ex-husband for financial support, though in most regimes the ex-wife will be able to claim some continuing support when she has worked in the home throughout a long marriage and foregone the opportunity to develop her earnings capacity when she is sick or disabled, or when she is responsible at the time of separation for the care of young children – though the age limits vary. The "clean break" is generally sought after by feminists as representing equality between the sexes and approved by the general public as sanctioning an individual's right to end an unsatisfactory legal relationship. It is attractive to the legal system as a tidy procedure having an end product.

Problems arise, however, first and foremost, wherever children are involved and there is insufficient property to make continuing provision for them, and, secondly, where future, as yet intangible, assets are to be shared – particularly occupational pension rights and the joint earnings capacity of the couple in countries where it is common for one parent to sacrifice his or her career to further that of the other. For example, in the United States one partner may drop out of further education in order to support the other in professional

training, say, in medicine or law. Alternatively, the secondary earner, usually the wife, has actually forfeited earnings and the capacity to earn through staying at home with children. For the United Kingdom, these losses have been quantified[6] at a level of £160 000 for a woman with average earnings who bears two children, in time out of work, time in part-time work, and in career development opportunities foregone. In Australia, serious discussion has begun over whether ex-wives should seek compensation, rather than alimony or maintenance after divorce[7]. If a woman has invested in a marriage and it ends, particularly not by her choice, has she suffered a tort which is compensatable? (In the United States the Federal Government has expressed renewed interest in funding large-scale research into the tort system of compensation. See Federal Register, Vol. 52, No. 141, July 23rd, 1987). This argument has been extended in the United Kingdom where the long-term economic impact of parental divorce on children's future earning capacity has been documented[8] and the question has been raised whether the tort suffered by children should be compensatable. In practice, no ex-husband or non-custodial father is likely to have access to the kinds of resources such an entitlement should require, and State involvement is often viewed as politically questionable. The debate is very much in the air but it is worth putting these ideas forward in order to present current arrangements and the issues currently in debate in a broader context.

Empirical studies on financial arrangements following divorce where children are not involved, agree in finding wife support to be increasingly rare[9,10,11,12]. They also agree in finding property division to be a relatively unimportant aspect of the financial aftermath of divorce, as so few divorcing couples possess a significant amount of property. Even when a house is owned, it is generally mortgaged and the equity is limited. Private pension schemes are autonomous and state pension schemes are bound by strict rules concerning eligibility, though the law has inevitably focused on the minority of cases where property is involved as being the proper province of legal decision-making. Therefore, in view of these findings, no apology is made for concentrating in this paper on periodic support to post-divorce households which include children – whether or not payments are termed child support, parent and child support or family support.

Child Support

Poverty in many single-parent households is well documented. There is some evidence[13] to suggest that the situation is worse in those families where the parent is divorced than in those where the parent has never been married. This is because the former are more likely to be alone for a longer time since they are likely to be older and therefore less likely to marry than younger never-married mothers[14]. This seems paradoxical since the children of divorced parents can fall back on a set of resources not available to other children in poverty, that is, transfer payments from their non-custodial parent. The legal obligations on parents to support their children after divorce vary relatively little within OECD Member countries. In some jurisdictions the issue is considered non-contentious and, as a consequence, often receives insufficient legal attention. For example, in France, non-support of children is a crime. In the new United Kingdom Matrimonial and Family Proceedings Act the interests of the children come first and no divorce can be finalised until the court is satisfied with the arrangements made for them. In Denmark, there is a special Act of 1960 – Children's Act, Section 2 – which detaches support to children from matrimonial law, stating that biological parents are obliged to support their children irrespective of who lives

with whom or who is married to whom. In Sweden, the obligation to support even extends to step-children. In the United Kingdom, it extends to any child treated as a "child of the family". In the United States, the Uniform Marriage and Divorce Act, adopted in eight States, dictates that the financial capacities of both parents should be considered when allocating responsibility, with the best interests of the children being the guiding standard in child support as in custody cases. Similar but less formal structures obtain in most other states.

Levels of Child Support

It has been suggested that by the turn of the century we may inhabit a "brave new world" in which a woman's control over her body is so complete that a decision to rear a child will be hers alone. Society as a whole may choose, in the interests of continuing the species, to make communal resources available to help her during the period of dependency as a result of child-bearing – but child-bearing and raising a child would be considered the act and responsibility of each woman concerned.

That position has not yet been reached, but we may be closer to it than we realise in the aftermath of separation and divorce. There is a vast gap between legal rhetoric and social reality. American fathers owe $4 billion in unpaid child support[15]. More than half of the non-custodians do not pay any child support[16]. (An OECD Secretariat working paper describes *la déresponsabilisation des pères en France*). The legal systems in the countries reviewed all approve shared parental financial responsibility for children after divorce. But what happens in practice?

Family law cannot create resources; it can only allocate what is there. Family law in general supports the ideology of shared parental responsibility for child-rearing. We assume that this is the case in an intact family, though there is increasing evidence of the maldistribution of funds within intact families. But the capacity to provide support is limited given that most non-custodial parents lack resources because they are unemployed or remarry and thereafter have insufficient resources to maintain two households.

Throughout the countries studied, private law has been unable to extract sufficient resources from the non-custodial parent to do more than make a small contribution to the cost of rearing a child left behind in a former household. In the United Kingdom, it has been estimated that maintenance payments are the chief source of income for less than 7 per cent of households after divorce. In France, maintenance payments represent the main source of income for 10 per cent of the households in which the woman works, and 50-70 per cent of households when she does not work[12]. Levels of agreed child support and degree of compliance with agreements made are surprisingly similar across OECD Member countries despite different legal, welfare and employment systems. For example, in the United Kingdom the average monthly payment in 1981 was about £10 per week[2]. In France the average monthly payment made was FF 500 per month; in Switzerland SF 360; in Denmark an average of £40. In the United States an average payment in 1983 was estimated at $2 000 per year[16]. In Australia the average payment is AUS$ 20 per week.

These amounts can be compared, for example, to the weekly basic welfare allowances intended to provide in the short term for subsistence living. In the United Kingdom, £10.40 is calculated for a child under 11, £15.60 for a child aged 11-15 plus the regular non-means-tested child benefit for all children of £7.25, plus the one-parent addition of £4.70; in other words, minimal State support amounts to twice the average weekly child support payment.

Compliance with Child Support Arrangements

Compliance rates are also inadequate. Vigorous steps have been taken in the United States under the 1974 legislation to set up enforcement agencies in every State to recover the debts of American fathers to their children. In the United Kingdom, empirical work revealed that although almost all fathers with children in another household made a support agreement, money changed hands in less than two-thirds of cases. Over a third of non-custodial fathers were without earned income and the State benefit system does not include additions for descendants who are not members of the household. Detailed analysis of the income/needs ratios of households after divorce with and without dependent children but including any children of new partnerships, recorded very few cases of fathers with surplus income available for redistribution after allowing an average standard of living at 200 per cent of the welfare minimum standard[11]. The United Kingdom Matrimonial and Family Proceedings Act 1984 states that the interests of the children must "be given first consideration" in making arrangements at the end of the marriage. This sounds like a clear statement of priorities but in effect this is not the case. The interests of the child do not override the case for a clean break if that is in the interests of the parents (Suter v. Suter and Jones, Times Law Report, January 1987. No mention is made in the Act of levels of support, or enforcement.

The recent French study[9] also throws light on the details of the compliance rate, currently about 60 per cent of the orders made. Compliance is more likely to occur when the amount is higher – probably because it represents a reasonable proportion of a higher and steadier income – and also where the wife is older and is working, which again probably reflects the type of marriage where both partners had ongoing careers with a reasonable income level of a reliable nature. In the United Kingdom we found compliance levels higher for older children, and we speculated whether this was due in part to longer contact between child and father, and also to the father's subsequent better appreciation of the cost of caring for children[11].

POLICY OPTIONS: THE WAY FORWARD

Levels of Child Support

If the amounts of child support are low, compliance is infrequent and barriers exist to making the best use of the sources of income available, what are the policy options in pursuit of the goal of promoting equal opportunities for children of divorcing parents or, at least, of minimising inequalities? Statutory levels of child support could be imposed, based, as for example in *China*, on a fixed proportion of the non-custodial parent's income[17]. This is feasible in China where family size is controlled, almost all women work, and child care is readily available, but not impossible elsewhere. Alternatively, levels of child support could be calculated using family budget studies, which measure the costs of supporting a child[17]. Leaving aside or not the opportunity cost to the caring parent, it is possible to set levels for awards, as, for instance, the schedules (*barèmes*) used in some cantons in *Switzerland*. It would be useful to discover through research whether these result in generally higher awards or whether they reflect local values as to the appropriate amounts and so indicate someone's (the lawyer's?) view of an appropriate level. Thirdly, it is possible to use formulae to achieve some other solution. Take, for example, that put forward by Eeklaar and

MacLean in 1986[11] where the formula for the level of child support calculates the needs/means ratios of the two new households formed after the divorce, and equalises the two within certain upper and lower limits. These choices are open to the law, which is properly concerned with allocation, with issues of equity and natural justice as well as with issues of public policy.

Enforcement

Whatever level is set, the question remains not only of enforcement but of the relationship in a broader sense between public and private responsibility for the economic support of one-parent households. The state may adopt a residual policy and intervene with varying levels of social action. The most minimal state tactic is to leave an aggrieved recipient to use the machinery of criminal or civil procedure as against any debtor. The difficulty with this approach lies in the relative weakness of the protagonists – to use legal means to enforce a debt as a private citizen requires more financial and psychological resources than the average lone mother possesses.

The next step is to invest public funds in pursuing private resources, as in the *United States*. A further major step is for the State to guarantee payment to the receiving households in a divorce and then pursue the debtor, either by attaching earnings using the tax system or by using the criminal process. This approach was discussed in the *United Kingdom* in 1973 following the Finer Report, but was not put into practice, perhaps because of concern about the cost to the public purse. It is practised in *Switzerland* with procedures which vary locally; one procedure is to offer advance payment to the single parent for a short term only when it is known that the debtor is able to pay. In *France* advance payments have begun, but are set at a minimal level (FF 370 per month). In *Denmark* and *Sweden* such systems are well established and operate to the benefit of a lone-parent family. The problems which then arise relate to the advantages attached to the status of lone parenthood. Fears were expressed in *France* before the recent introduction of advance payments that the scheme could encourage cohabitation and divorce rather than marriage. There is no evidence yet available by which to evaluate this concern. In *Sweden* the linking of guaranteed advance payments with other special benefits to lone-parent households has led to their being clearly better off than low-income, two-parent families[18].

In the *United Kingdom* the state supports the majority of first families by means of welfare payments while the absent father maintains the second family. The transfer of money from the household in which he is living to that which he has left can create problems for the second household. Assistance schemes are frequently not structured to allow for the deduction of support payments to a former family and so raise questions of incentives. In *Australia* new plans have been made, effective in 1988, to collect maintenance payments together with income tax, thus ensuring a high level of compliance among those with an earned income. The amounts set are also to be more closely regulated[12].

CONCLUSIONS

Currently, the majority of post-divorce, lone-parent households in OECD Member countries do not rely to any significant extent on private maintenance payments. These form

a small part of an income package made up from state benefits and the mother's earnings. The relationship between these two latter sources is, therefore, of great importance. In *Sweden*, state support is directed towards this group and not diminished by the mother's earnings. In the *United Kingdom*, the mother's earnings directly reduce her state support as does any child support that she receives. Over half of single parents depend on welfare payments as their main source of income. In *France*, the mother's earnings (70 per cent of French single parents are working, a higher proportion of married mothers than in the majority of OECD countries) are the key source of income, accompanied by tax reliefs, standard child allowances plus a special further payment for single parents with a child under 5.

The part played by family law in supporting lone-parent families through private child support obligations is small. This may be for historical reasons as, for example, in the *United Kingdom*, where child support was added to wife support as an addition for dependents. The main part of household support used to come from wife support, but as the law moves away from assuming the continuing financial dependence of women on men after divorce, the child support element started to increase in order to take its place.

Lack of compliance with support obligations is a universal problem. This may well be, as has been documented in the *United Kingdom*[11], for "good" reason, that is, the lack of resources and the addition of new dependents. It has yet to be debated whether society accepts that men with one set of dependents and limited resources should be able to take on a new set. Even this question is often over simplified: men often remarry a woman who already has children. Empirical evidence is needed on how much money state agencies are able to recover. In the *United States* this information is well known; in the *United Kingdom* it is not available in a clear form. But even with full compliance, the child support levels agreed in OECD countries are not, for the most part, sufficient to cover the costs of child-rearing whether they be direct or indirect because of foregone career earnings. The divorce rate has increased so rapidly that neither public attitudes nor legal systems have yet developed a consensual view about what the law can achieve for the lone-parent family. There is no clearly expressed public view concerning:

i) What are acceptable as continuing financial obligations between members of the same family who no longer live in the same household;
ii) Whether a custodian who seeks all the money she can get from her ex-husband in family support is a grasping "alimony drone" or a good mother;
iii) Whether divorce is an event in the lives of two adults or a process with permanent inter-generational consequences for all concerned, including the taxpayer.

Legal remedies have their origin in the "event" approach to divorce, and the legal system is better equipped to solve a dispute such as dividing up property than in planning the financial future for a group of people whose resources and needs will alter over time. This latter task is what we are beginning to require of family law. Is it too much to ask? It is a new demand that will require novel specialist techniques and skills from our lawyers and judges.

Parents should not be allowed to "divorce their children". Recent studies in the *United Kingdom* on the long-term socio-economic consequences of parental divorce on children's life chances[8] make this unacceptable. The small contribution which fathers currently make is of value and could be even more so if it were to be excluded from all assessment for welfare entitlements. Meanwhile, awareness of the full financial consequences of divorce for all parties is increasing. Eventually, policy-makers may choose either to encourage the law to ask for a fuller contribution from fathers, even if it means damaging the prospects of

second families, or to accept that a man can have two families but with the proviso that the state will help support only one of them. Alternatively, each child may be given access to an income, while through equal opportunity legislation the goal of appropriate earnings for women is pursued. In this way, whether a man or a woman heads the household will not determine the living standards of a household. Full child support cannot be achieved solely through family law.

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Annex 5.1

CHILD SUPPORT LAWS AND PRACTICES IN OECD COUNTRIES

	UNITED KINGDOM	UNITED STATES	FRANCE
Levels			
How set and updating	Levels ratified or set by court, giving interests of the child first consideration up to 17 years. Updating is by application to court.	Levels vary greatly. Courts decide case by case but are moving towards setting minimum standards.	Court considers needs and resources of both parents, level usually set by parents and ratified by court. Can be indexed up to 18 years of age.
Average amount	£10 per week per child.	$2 000 per year.	FF500 per month.
Enforcement			
Compliance rate	Some, not always full compliance by 60 %.	40 % compliance.	60 % compliance. Better in high income families.
Public agency involvement	If recipient on welfare can assign her maintenance to the government department. This does not affect her income. No guaranteed maintenance payments.	1974 Federal Office of Child Support established to collect originally for welfare clients, now for all claimants.	Guaranteed payments recently introduced at minimum level (FF370 per month).
Special features	Majority of female-headed households rely on welfare benefits. Little use of guidelines by courts in setting amounts. Attachment of earnings is possible, but little used.	New emphasis on State collection from non-custodial parents.	Recent introduction of guaranteed maintenance minimum payments.
	SWITZERLAND	DENMARK	AUSTRALIA
Levels			
How set and updating	Some cantons have fixed schedules, e.g. 15 % of father's income. Other cantons rely on discretion of court taking into account needs of the child and resources of the parents. Half are indexed.	Child support is covered by the Children's Act 1960 not the divorce laws. It is the child's entitlement usually agreed by parents. If not, there are rules. Paid to 18, possible up to 24.	Parents deemed by Family Law Act 1975 to share financial responsibility for children after divorce, up to 18 or beyond.
Average amount	SF500 per month	Kr.60 per month.	$20 per week.
Enforcement			
Compliance rate	N/A	N/A	40 % compliance.
Public agency involvement	Guaranteed payments since 1976, variation by canton, e.g. in some payment is made only when recovery is judged certain.	Advance payments are made at levels set by the rules. Salary can be withheld.	A Maintenance Agency is to be set up to collect maintenance alongside taxes and to consider setting levels.
Special features	Variation by canton, some use of *barèmes*.	Generous State provision for solo parents, not reduced for those in full-time employment.	63 % of solo parents receive their main income from the State. Research indicates non-custodial parents could pay more, hence the proposed reform.

Note: The above figures are based on the most recently available estimates, and should be considered as approximations.

Chapter 6

CHILD SUPPORT AND PUBLIC POLICY

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INTRODUCTION

In the United States, the quality of child-support institutions is of great concern because a large proportion of children do not live with both parents. More than one in five children are currently eligible for child-support; according to demographers one-half of the next generation will become eligible before they reach adulthood[1]. Although the proportion in the other Member countries of OECD outside Scandinavia is much smaller, it is growing[2].

The next section of this chapter analyses the evolution of the child-support system. It examines three issues related to the public enforcement of private support obligations – the establishment of the child-support award, the determination of the amount due, and the collection of payments – and concludes that the United States is moving away from judicial discretion towards the routine procedures associated with taxation and social insurance programmes. It is also moving away from public benefits as a substitute for both the earnings of the custodial parent and private child-support payments towards benefits as a supplement to both.

The third section compares the United States to other OECD countries. The overall trends are similar though uneven. In some regards one country has moved faster or slower than others. The fourth section presents estimates, based on United States data, of the limits of both private and public child-support in reducing poverty and welfare dependence. The data suggest that the maximum potential of private support is substantial, but that achieving even a decent portion of the maximum will require improvements in all facets of enforcement. Moreover, even if the maximum could be achieved, it would leave unsolved three-quarters of the poverty and dependency problem. Supplementing private support with an assured public, child-support benefit would solve only about half the problem. To come close to eliminating poverty and dependence requires going beyond child support alone.

What are the arguments for and against enacting legislation that takes the public enforcement system of the private child-support obligation even further in the direction of the tax model? Similarly, what are the pros and cons of giving more emphasis in public child support to supplementing earnings and private child support? The fifth section summarises the debates in the United States and other OECD countries over these issues.

THE CURRENT UNITED STATES SYSTEM IN EVOLUTION

All observers would agree that the child-support system is undergoing profound changes. As a consequence, a description of the system is of necessity concerned with its evolution. The first part of this section analyses problematic aspects of the public enforcement of private child support that have prompted change, describes legislated changes on both the state and federal levels, and concludes that the evolution of this part of the system is best characterised as a movement away from judicial discretion towards the standard procedures associated with taxation and social insurance. The second part of this section analyses changes in the public benefit part of the system and concludes that the role of benefits is becoming less a substitute for, and more a supplement to, both the earnings of the custodial parent and the private child support of the non-custodial parent.

Public Enforcement of Private Support

The private child-support system has historically been a state prerogative implemented through the judicial branch. In most states, the obligation of absent parents to pay child support is explicitly specified in statute, although in some the obligation is only implied[3]. Under the traditional family court system, two steps are involved in obtaining private child support: *i)* the determination by a court of the amount of support to be paid by the non-custodial parent on an individualised basis; *ii)* the payment of that support obligation directly by the non-custodial parent.

With respect to establishing awards and setting amounts, several problems can arise. First, there is often a failure to establish any award at all. Nationally, only 61 per cent of mothers eligible for child support receive awards[4]. The proportion with an award varies dramatically with the marital status of the mother. Whereas about eight out of ten divorced mothers receive child-support orders, less than half of separated mothers and fewer than one in five never-married mothers receive them. The very small proportion of child-support awards in never-married cases is closely related to the widespread failure to establish the paternity of children born out of wedlock.

A second problem with the setting of an award on a case-by-case basis by a judge in a judicial hearing is that it is very expensive in time and cost to the parents as well as in delays for the children needing support. The time of judges and other court personnel makes the procedure expensive to the public as well. These costs continue to rise as the number of child-support determinations increases.

Thirdly, the case-by-case determination of the amount of an award often results in unfairness. Judges in some jurisdictions have used a child-support obligation schedule

similar to a tax table. For example, nearly every county in Michigan has used a schedule in which the absent parent's obligation depended only upon his income and the number of children he was required to support[5]. Delaware also pioneered in the use of a quantitative child-support schedule, though the Delaware formula was far more complicated than Michigan's. But such child-support schedules have been the exception rather than the rule.

Numerous studies have documented that the child-support system treats equals unequally[6]. Data for Wisconsin indicate that awards range from zero to over 100 per cent of the non-custodial father's income. Table 6.1 shows that in 20 per cent of the cases, child-support awards for one child were less than 10 per cent of the non-custodial father's income. In 50 per cent of the cases, awards were between 11 and 20 per cent. The data also indicate that average award levels as a percentage of non-custodial parents' incomes vary substantially across counties. The average for one child ranges from 12 per cent to 24 per cent. For two and three children, respectively, the ranges are 18 per cent to 36 per cent and 13 per cent to 37 per cent[7].

Table 6.1. **Child support order as a percentage of gross income by number of children**

Order as % of non-custodial parent's income	Percentage of cases by number of children		
	1 (N = 1 087)	2 (N = 829)	3 (N = 277)
0-10	20	10	6
11-20	50	36	27
21-30	21	30	33
31-40	5	15	20
41-50	3	5	9
More than 50	2	5	6

Note: This table covers custodial families with a child-support award and with three or fewer children. Cases with 4 or more children (N = 102) are not tabulated because the sample size is too small for reliable estimates. Of the 2 806 cases meeting the sample requirements, income information is missing in 1 536 cases. In addition, 77 cases have zero reported income and are also excluded. This results in a final N of 2 193.

Source: Family Court record data file from Wisconsin Child Support Reform Demonstration Project, 1985, Institute for Research on Poverty, University of Wisconsin, Madison.

The system is also regressive. Child-support obligations represent a greater proportion of the incomes of low-income parents than of those who are well off. In Wisconsin, orders decline as a percentage of income as the non-custodial father's income increases (Table 6.2). For one child, orders range from a high of 32 per cent for those with incomes less than $5 000 to a low of 12 per cent for those with incomes between $30 000 and $40 000.

Child-support awards are also considered to be inadequate[7]. What is not so clear is the extent to which they are low because the initial awards were low or because they have not been updated to reflect changes in the cost of living or earnings ability of the non-custodial parent. Data from Wisconsin, for example, indicate that initial child-support awards during the period 1980-1983 were on average virtually identical to a percentage of the non-custodial parent's income that had been deemed appropriate in establishing standardised

Table 6.2. **Relationship between non-custodial parent's income at the time of the child support order and level of child support awards by number of children and gross income category, selected Wisconsin counties**

Income category	Percentage of income by number of children			
	N*	1 N = 1 087	2 N = 829	3 N = 277
Less than $5 000	151	32	41	33
$5 000-10 000	538	20	27	28
$10 000-15 000	506	18	25	31
$15 000-20 000	443	15	22	30
$20 000-30 000	450	13	21	24
$30 000-40 000	107	12	20	32
$40 000 or over	100	16	19	14
Weighted average	2 295	18	24	27

Notes: * See Note, Table 6.1.
There is an upward bias in the estimates for child support as percentage of gross income. Because of coding error, net income is used for about 280 cases for which gross income is not available. Current work is in progress to separate those cases.

Source: Family Court record data file from Wisconsin Child Support Reform Demonstration Project.

awards in 1984[4]. In view of the fact that most observers consider the Wisconsin standard to be one of the toughest proposed, this suggests that in Wisconsin, at least, the problem of inadequate awards is traceable entirely to the failure to update them regularly. The extent to which this is true in the rest of the country is not clear.

Aside from the difficulties associated with the establishment of an award and the setting of an amount, the system also faces problems in the collection of support once the award has been made. The standard procedure has been for the court to order the non-custodial parent to pay, with the actual collection left to the beneficiary of the order, the custodial parent. This means that if the absent parent fails to pay, the custodial parent has to initiate a legal action, usually by citing the non-paying parent for contempt. This proceeding is fraught with difficulties. It requires legal counsel, a substantial financial burden for a parent already not receiving support, and often involves some difficulty in determining the facts because of the lack of adequate records of direct payments to the custodial parent.

In a few states, such as Michigan and Wisconsin, private child support must be paid to a government agency, which not only serves the entire community by documenting whether support is paid or not, but also has the authority to initiate legal action when obligations are not met. The Michigan Friend of the Court, founded in 1917, is the oldest such agency. Still, except when government subsidies to the custodial family were involved, such government agencies, in the past, did not use this authority unless specifically requested to do so by the custodial parent. In most cases, the burden of collecting overdue support fell on that parent.

Jail is the ultimate sanction for those who do not pay. Thousands of absent fathers have been jailed each year in Michigan for failure to comply with child-support orders[5]. There have been no systematic studies on the prevalence of jailing elsewhere. According to Chambers, jailing works[5]; that is, when combined with an effective monitoring system, it

deters non-payment. His conclusion is based on the strong association between payment performance and the utilisation of jails across counties in Michigan. A final point to note is that only a small minority of absent fathers who fail to pay child-support are jailed. The most effective tool for collecting child-support is a wage assignment[9], that is, a legal order obliging employers to withhold a specified amount from the wages of employees who are non-custodial parents.

The legal system for collecting child-support is generally regarded as ineffective[10]. Nationally, only half of the parents with awards receive the full amount due to them and about one-quarter receive nothing[11].

The failure of the private child-support system to provide adequately for the needs of children who live with one parent is not new. In the early part of this century it had become sufficiently acute to attract the attention of the National Conference of Commissioners on Uniform State Laws[12]. Yet, the enforcement of private child-support was viewed as strictly a state and local problem until four decades ago.

In the late 1940s congressional interest in absent fathers grew in response to the upward trend in the incidence of divorce, separation, desertion, and out-of-wedlock births. Because of this trend, children with living but absent parents replaced orphans as the most numerous recipients of Aid to Families with Dependent Children (AFDC), a government subsidy to poor children living with one parent, funded jointly by the states and the federal government. Congress enacted the first federal legislation regarding private child-support in 1950. State welfare agencies were required to notify law enforcement officials when a child receiving AFDC benefits had been deserted or abandoned. Further legislation, enacted in 1965 and 1967, allowed states to request the addresses of absent parents from federal social security records and tax records. States were also required to establish a single organisational unit to enforce child-support and establish paternity.

The most significant federal legislation was enacted in 1975, when Congress added Part D to Title IV of the Social Security Act, establishing the Child Support Enforcement (IV-D) programme. This legislation established a federal Office of Child Support Enforcement and required each state to establish a corresponding agency to help enforce child-support in all AFDC cases and, since 1980, in non-AFDC cases, when assistance is requested by the custodial parent. It also required states to maintain a parent locator service that ties in with a federal service. In short, the 1975 act created the public bureaucracy necessary to enforce private child-support obligations.

By 1985 collections reached $2.7 billion, including $1 billion for AFDC recipients. This represents an increase of 282 per cent in collections for AFDC families between 1976 and 1985[13]. There is good reason to believe that child-support collections will continue to grow, for the 1985 figures do not reflect the effects of the strongest federal child-support legislation to date. That legislation was passed in 1984 by a unanimous Congress. It addressed most of the major shortcomings of the private child-support system: the failure to obtain a child-support award from the courts, the inequity and inadequacy of awards, and the failure to collect support even though the payer is delinquent.

On the issue of obtaining orders, the states were required to adopt expedited procedures for obtaining support orders either through the judicial system or an administrative agency. To increase the number of awards among never-married mothers, states were also required to allow the initiation of a paternity action at any time prior to a child's eighteenth birthday. Paternity suits in the past were restricted by statutes of limitation which varied from state to state but typically permitted only two to six years of delay from the child's birth. On the issue of equitable and adequate support orders, all states were required to establish child-support guidelines to be available for use by 1st October, 1987, for judges

and other officials who set child support. These guidelines, however, need not be binding upon the judiciary. Nor were there any provisions to ensure the updating of awards. On the issue of the effective collection of child support, the 1984 amendments encouraged the states through fiscal incentives to monitor payments in all child-support cases. Moreover, the amendments required the states to adopt automatic income withholding for child support to take effect after one month of non-payment.

Finally, both states and the federal government have been strengthening legislation to assure that paternity is established. Between 1979 and 1986 the proportion of never-married cases with child-support awards increased dramatically from 11 per cent to 18 per cent[14]. In view of the fact that nearly all the improvement came from the flow of new cases into the system – if paternity has not been established once a child reaches age two or three, it is very rare for it to be established afterwards – the efficacy of current procedures is substantially under-estimated by the 18 per cent figure. Furthermore, both states and the federal government are continuing to enact legislation that facilitates the establishment of paternity. It seems likely, therefore, that within a decade paternity will be established in at least a majority of new out-of-wedlock births. If so, the United States will begin to look more like other OECD countries. Compared to Sweden, however, which establishes paternity in 95 per cent of out-of-wedlock cases, the United States still has a long way to go[15].

Many states have gone beyond the 1984 federal law. With respect to guidelines, several states, including Colorado, Minnesota, Texas, and Wisconsin, have established standards that are nearly binding upon the judiciary in that the standard becomes the presumptive child-support award from which the judge or hearing officer can depart only with a written justification, which may be reviewed by a higher court. Similarly, several states including Arizona, Texas, Massachusetts, and Wisconsin, have adopted income-withholding laws which take effect automatically when an obligation is established rather than only in response to a failure to pay. Indeed, Massachusetts has gone so far in the direction of a tax model for child-support collections as to turn over responsibility for them to the state revenue department. However, as of 1984, only seven states require that all child-support payments be made to a state agency[16].

Just before this chapter went to press, Congress enacted the Family Support Act of 1988, which extends the trends discussed in previous paragraphs. The Act provides for increased federal assistance in establishing paternity, promulgates performance standards for state paternity establishment programmes, and requires states to obtain social security numbers from both parents when issuing birth certificates and to make use of these numbers in enforcing child support. With respect to child support awards, the new federal law requires that states make their child support guidelines, adopted in response to the 1984 federal law, the presumptive child support award. Moreover, these awards must be updated at least every three years. Finally, with respect to collection of obligations, the 1988 legislation requires all states to adopt immediate income withholding and to establish automated tracking and monitoring systems of child support payments.

In summary, all facets of the public involvement in private child-support obligations are undergoing change. These include public attention focused on or actual action taken towards: *i)* obtaining awards in nearly all child-support cases; *ii)* determining the award in the overwhelming majority of cases by a numeric standard; *iii)* regularly updating the award to reflect changes in the ability of the non-custodial parent to pay and the needs of the child; *iv)* requiring that child-support payments be made to a public agency; *v)* requiring that child-support payments be withheld from wages and other sources of income in every case. On all these issues the country is moving away from judicial discretion toward the standardisation associated with taxation and social insurance.

The Public Child-Support System

Public support is a significant feature of the child-support system. Public transfers to poor families with children eligible for child-support substantially exceed private support transfers to all children. Whereas slightly over $7 billion in private child support was paid in 1985, AFDC expenditures on eligible families were equal to about $8 billion. If the costs for food stamps ($5 billion), housing assistance ($3 billion), and Medicaid ($8 billion) are included, public transfers equalled nearly $24 billion or more than three times private child-support transfers[17]. In general, the public system substitutes for the private system where the latter has broken down. About half of all children living in female-headed households are on AFDC, and only slightly over 10 per cent of these households receive any financial support from the absent parents[18].

The AFDC programme, commonly referred to as welfare, was established in 1935 for quite different purposes from those it now serves. It was intended to provide support for the families of deceased fathers in a society in which it was considered undesirable for mothers with children to work. Today, the programme is primarily for children who have a living absent parent legally liable for their support and a custodial parent who, increasingly, is expected to work.

By the 1960s, the prevailing belief that cash-welfare programmes should enable poor single mothers to stay at home and rear their children had begun to erode. At first, in 1967, the federal government tried to induce mothers to work by creating work incentives within AFDC. When this failed to have much impact on either work or case-loads, the Congress began, in 1972, legislating requirements for mothers to work when they had no children under age six. In 1977, the Carter administration proposed a combination of a guaranteed-jobs programme and assistance, which would have required, in effect, mothers without pre-school-age children to work. In 1981, the Reagan administration rejected the approach of creating work incentives within the AFDC programme in favour of a pure work requirement. It sought to cut off benefits to those who were already working a substantial amount and to require those who received benefits to work for them. In the early 1980s, Congress agreed to much, but not all, of this strategy. The Family Support Act of 1988 contains work requirements and both provision of child care and training services to facilitate work.

As structured, the current public system of child-support encourages welfare dependency. It imposes a high tax on the earnings of welfare mothers which discourages work, and it offers nothing outside welfare to supplement the incomes of poor single mothers with low earnings capacity. Like any social assistance programme, AFDC is designed to aid only the poor and benefits are reduced therefore when earnings increase. After four months on a job, a woman on AFDC faces a reduction in benefits of one dollar for every dollar of net earnings. It is not surprising that the majority of mothers on welfare do not work during the months that they receive benefits.

Welfare mothers have a very low earnings capacity. Even if they were fully employed it is estimated that one-half could earn no more than the amount of their annual welfare grant and that another quarter could earn only up to about $3 200 more[19]. This suggests that it is unreasonable to expect these women to be totally self-supporting and that some form of transfer is necessary in order to provide an adequate standard of living for their families. The only way to alleviate their poverty without creating total dependency is to supplement rather than replace their earnings. Some of this money can come from improved collections of private child-support. The rest must come from public transfers. How much of each is not known at this time[20].

We have described above a number of federal reforms designed to strengthen the enforcement of private child-support obligations. Increased payments from the parents of children on AFDC will generate savings in AFDC expenditures. These savings can then be used to reduce taxes or to increase the economic well-being of children eligible for child support or some combination of both. In view of the fact that children potentially eligible for child support and the mothers who care for most of them are among the poorest, using these funds to improve their economic well-being is, at the very least, a compassionate action. It is also wise. One-half of the next generation will be eligible for some child support before reaching adulthood. To invest in them is, therefore, to invest in the future. Furthermore, sharing some of the increased revenues with these families would encourage the mothers to co-operate in establishing the paternity of non-custodial fathers, one of the weakest links in the current system.

Congress and the Reagan Administration have already approved two alternative methods of sharing some of the AFDC savings with families eligible for child support. All states are now required to ignore the first $50 per month of private child support (a $50 set-aside) in calculating the amount of the AFDC benefit. Two states, Wisconsin and New York, are permitted to use the federal share of AFDC savings to help fund an assured child-support benefit as part of a comprehensive child-support assurance system (CSAS).

Under the Wisconsin child-support assurance system, all parents living apart from their children would be obliged to share their income with their children. The sharing rate is specified in administrative code and, exceptional cases aside, depends only upon the number of children owed support[21]. The obligation is collected through the withholding of pay just as for social security and income taxes. Children with a living non-custodial parent are entitled to benefits equal to either the support paid by the parent or a socially assured minimum benefit, whichever is higher. Should the non-custodial parent pay less than the minimum, the difference is financed from the AFDC savings and from a small surtax up to the amount of the subsidy, which is paid by custodial parents who receive a public subsidy. Thus, under CSAS, AFDC savings generated by increased child support are used to assist women outside the welfare system. Which method is preferable: sharing the gains inside or outside of welfare? This question is addressed below.

TRENDS IN OTHER OECD COUNTRIES

As in the United States, all other OECD countries protect children with absent parents through both a private and a public system. In Europe, however, protection of children takes precedence over the enforcement of parental obligations. European public-benefit systems are more comprehensive. Among families headed by lone mothers in Sweden, the United Kingdom and the United States, the proportions benefiting from some form of government transfers are, respectively, 98 per cent, 89 per cent, and 57 per cent[22]. Until recently at least strengthening public enforcement of the private child-support obligation has not been an issue in most OECD countries.

Even in European countries, however, the increase in divorces and out-of-wedlock births has directed more attention to the obligations of parents. The Council of Europe, for example, deemed the issue of sufficient importance to adopt a set of Recommendations on Parental Responsibilities in 1984 for its member countries, affirming that "in all cases both parents should be under a duty to maintain the child"[23]. Outside Europe, issues related to

private child support have generated intense political debates in Australia, New Zealand, and Canada. This section begins with an analysis of the trends in private support and concludes with a brief description of trends in public support.

Public Enforcement of Private Support

The three dimensions of private child support – establishing awards, determining amounts, and collection payments – are examined in the following paragraphs. Table 6.3 summarises the patterns in several countries.

Compared to the United States, establishing paternity and securing awards for unmarried mothers is not an important issue in other OECD countries. The number of lone-parent families, albeit increasing steadily, is, with the exception of Scandinavia, still considerably lower. Since the number of births outside marriage is much smaller, the establishment of paternity is not a problem. Even in Scandinavian countries, where the out-of-wedlock birthright is high, the law requires that paternity should be established in all cases. That a large proportion of the unmarried mothers live in a stable union with the fathers of their children, both facilitates enforcement and may be partly a consequence of such enforcement.

Moreover, Scandinavian countries developed a comprehensive system to locate absent parents long ago, whereas the United States did not begin to do so until 1975. In Sweden, the municipal social committee is informed of all out-of-wedlock births and has access to the central population registers to which the whereabouts of all residents are reported[24]. The system is also distinguished by the fact that its tasks are centralised. The same agency is involved in locating fathers and establishing paternity, subsequently collecting payments, and disbursing advance maintenance (a public subsidy to the custodial family, which is then collected from the absent parent). Recent legislation also empowers the agency to initiate paternity proceedings independently of the mother. As a result, paternity is established in about 95 per cent of all cases[15].

In no OECD country are unwed mothers required to identify the fathers of their children. In most countries, however, a custodial parent receiving government benefits by virtue of lone-parent status is required to co-operate with the State in identifying the absent parent, although generally establishing paternity is not in itself a prerequisite for eligibility. As the absent parents are identified, support payments are collected from them in order to reimburse the government.

The Netherlands is an exception to this pattern in its complete decoupling of eligibility for benefits and co-operation in identifying the fathers. It also happens to have one of the lowest out-of-wedlock birthrates. Only about 1 per cent of the heads of Dutch families are never-married mothers. The comparable figures for Germany, Sweden, and the United States are over 2 per cent, 15 per cent, and 8 per cent, respectively.

The distinctive treatment of families receiving subsidies extends beyond identification of the father in some countries. New Zealand's Liable Parent Contribution Scheme is a prototype of this dual system[25]. Since 1981, the non-custodial parent of a family receiving Domestic Purposes Benefits, a governmental assistance programme for low-income families, has been assessed for child support by means of a legislative formula. The obligatory payment is centrally collected by a public agency, with the authority to initiate automatic withholding of income upon failure to pay. On the other hand, if a custodial family does not rely on government welfare, the non-custodial parent is not covered by the scheme and is allowed to reach a voluntary agreement on child support. In this case, the implementation

Table 6.3. **Comparison of child support issues among select OECD counties**

	Australia	Canada	Germany	Netherlands	New Zealand	Sweden
Award establishment Paternity identification	Custodial parent co-operation required for continual receipt of government benefits			Co-operation not required	Custodial parent co-operation required	
Award amount Numeric formula	Under discussion	No	Yes	Under discussion	Yes for recipients of government benefits	
Periodic updating	No	No	Price index	Automatic wage index	No	Automatic price index
Collections Public agency	Yes in 2 states	No	Yes	Yes	Yes for recipients of government benefits	
Delinquency withholding	Court only	Varies by province	Court only	Administrative enforcement	Administrative enforcement for recipients of public benefits	
Immediate withholding	Under discussion	No	No	No	No	No
Relation to public benefits	Set-aside for welfare	No	Advance maintenance	No	No	Advance maintenance

of the agreement is left to the private parties, with the court as the only recourse when payments are not forthcoming. The collection of private support under the scheme has increased significantly from 25 per cent of the amount owed before its inception in 1981 to about 43 per cent in 1983[26], but remains below the 67 per cent collection rate in the United States and a similarly high rate in Sweden[27].

Until recently, public enforcement of private child support in Australia was very weak. Only 24 per cent of mothers whose children were potentially eligible for child support received any[28]. The comparable figure for the United States was 44 per cent. Even among those covered by a judicial support award, only 37 per cent received child support[29]. The Australian system is characterised by judicial discretion. Traditionally there are no child-support standards or guidelines for determining obligations. For the most part, payments are made directly to custodial parents. Furthermore, Australian family law contained a clause which directed the courts to consider the custodial parent's eligibility for public assistance in determining the private child-support obligation. Because of this clause and because over 80 per cent of lone mothers received such public assistance, it would be accurate to say that, in Australia, private child-support payments supplemented public payments.

But Australian law is undergoing considerable change[10]. Child-support collections have been turned over to the tax office. Obligations are to be withheld from the wages of all earners, and the self-employed will be required to make periodic payments to the tax agency. In the second stage of reform, which has yet to be implemented, the government also plans to turn over to the tax office the determination of child-support obligations. In the overwhelming majority of cases a relatively simple formula will be used in an administrative hearing. Parents will be free to appeal to a court against the award.

Thus, the trend for the standardised determination of support obligation is clear. New Zealand has recently enforced a standard for publicly assisted custodial families, as has Sweden[11], and Australia is planning to adopt a numerical standard for all families. Denmark and Norway have the longest record of departing from judicial discretion in assessing support obligations[12]. The formulae in these two countries take the form of a minimum obligation equal to the government's advance maintenance level. Non-custodial parents with low incomes are expected to pay that basic amount and more wealthy parents are assessed at a higher rate as an additional percentage of the basic payment. Germany has a similar formula although its basic payment is the guaranteed benefit of the government's social assistance for the poor instead of advance maintenance for custodial families.

A drawback of the type of formula used in Denmark, Norway, and Germany is that support obligations become severely regressive at the lower end of the income distribution; poor non-custodial parents are hard-pressed to make the payments and many end up by not paying. On the other hand, such a formula has a positive consequence for all custodial families. Since obligations are expressed in terms of social benefits and the levels of the benefits are periodically adjusted upwards, the rate is also updated periodically. In Denmark, the basic amount of support rises automatically every six months according to the price index. In Germany, the adjustment is subject to government discretion but is still quite frequent.

Since inflation tends to erode the value of an initial award, periodic updating is an important mechanism to protect recipients of private support. Other OECD countries with a legislative mechanism for periodic adjustment of the award include the Netherlands, Finland, and Sweden. Lobbyists for non-custodial parents are naturally opposed to automatic indexing to the price level, arguing that such measures ignore the hardship of many payers whose incomes have remained constant or even declined. Surprisingly, none of the

countries has adopted an aspect of income maintenance that might be helpful to those who suffer this hardship, namely, adjusting the child-support obligation up and down in step with the increases and decreases in the incomes of non-custodial parents. Even Wisconsin has not done that. This may indicate that this aspect of the tax model is not appropriate for child-support enforcement. In one respect, the approach taken by France and Switzerland is more favourable to non-custodial parents. In these countries, judicial indexation clauses are often incorporated in the initial award, and subsequent adjustments are made by means of judicial review[12]. Finally, most other English-speaking Members of OECD – Australia, Canada, New Zealand and the United Kingdom – are similar to the United States in having neither administrative nor judicial mechanisms for the purpose of updating awards. Appeals for change are left to the initiative of the custodial parents, who must go through a cumbersome judicial process.

Success in standardising the determination of awards depends on the mechanism of collection selected by a country. The use of a standardised formula is futile if non-custodial parents can easily avoid payments. Yet in many OECD countries the enforcement of established awards is loose. As a result, the proportion of private child-support debts that is collected is not impressive. The Netherlands and Sweden are among the few countries that are more efficient than the United States in this respect.

The Netherlands is the only country where child support must be paid to an administrative agency by law. The Council for Child Protection manages the collection and disbursement of all private child support and is authorised to withhold the income of non-payers[13]. Many other European countries have also set up administrative agencies at the national level for collecting support, but generally private payment arrangements continue to be permitted, thereby making difficult uniform and efficient enforcement. France has recently adopted legislation to transfer the collection function to its tax offices, but no information is available on its effectiveness. Canada, the United Kingdom and the United States are among the few countries where public supervision of payments remains a function of the judiciary.

Concern about irresponsible absent parents emerged recently in Canada[14], where enforcement of private support is carried out by the courts in the individual provinces, some of which have started to strengthen the administrative apparatus of the family courts in order to enable easy review and enforcement. Manitoba and Ontario have both instituted automated systems for recording payments, whereby court personnel can initiate income withholding upon non-payment. Some form of income withholding is permitted as an enforcement tool by all OECD countries. The traditional approach as noted is initiated by custodial parents upon non-payment and is then left to judicial discretion. Australia, Germany, and some provinces in Canada are examples of such systems. A more recent trend is for withholding to be initiated administratively by a government agency when payments are not made. This approach is of course predicated on the creation of an agency in charge of collection, which can then monitor the flow of payments. Monitoring is carried out in the Netherlands as well as in New Zealand and Sweden for cases involving government benefits. No country has a mandatory system of universal and automatic withholding similar to the one in force in Wisconsin.

In summary, this review of child-support enforcement issues in OECD countries other than the United States has revealed a movement towards standardisation and administrative enforcement across countries, but within each country no consistent pattern of development has emerged across all areas of enforcement. Referring back to Table 6.3, for instance, the Netherlands has legislated periodic updating of awards according to an official wage index and is ahead of most countries in having established a strong administrative

machinery for making collections, but the determination of the award itself is a matter of private arrangement and judicial discretion. Sweden has an administrative enforcement system in all areas, but only for beneficiaries of government programmes; for non-recipients of government benefits, individual discretion is the dominant consideration. Australia, on the other hand, has been among the countries slow to evolve towards systematic enforcement in all areas, but the sweeping reform currently taking place in that country may well place it in a leading position, for example, in requiring immediate withholding.

Finally, even when more advanced enforcement mechanisms are in place, other OECD countries are not necessarily more successful than the United States in transferring income from non-custodial parents to their children. The weakness of their systems may be due to a historical lack of political pressure. It appears, however, that such pressure is growing and, sooner or later, steps will be taken to strengthen the collection of private support.

The Public Child-Support System

All OECD countries have social assistance programmes for low-income citizens. These are similar to AFDC in the United States in serving as a safety net for lone-parent families, although in most countries eligibility is not limited to this type of family. Aside from Australia, however, none appears to have such a high proportion of lone-mother families dependent upon social assistance.

Except for the United States, all OECD countries provide children's allowances, a benefit for all children irrespective of the income and marital status of their parents. In some countries, including Denmark and the United Kingdom, families with absent parents are entitled to a higher allowance. Most countries also provide income-tested housing allowances. In addition, health care coverage in other OECD countries is generally broader than Medicaid in the United States.

Finally, several OECD countries provide an assured child-support benefit, or, as it is frequently called, an advance maintenance benefit. Although the entire system of public benefits for families with children is obviously relevant in comparing countries, this section focuses on the more narrow question of what other countries are doing with respect to assured child-support benefits[15].

The Swedish advance maintenance system is one of the oldest and most developed[16]. In 1937 a law was passed allowing women living with children whose father was absent to apply for advance maintenance payment if the father failed to pay support. These families would receive up to a certain amount from the government, which in turn became responsible for collecting the debt from the liable father. Amounts not collected would be paid out of general revenue. Eligibility for this programme was limited to women who were too poor to provide for their children themselves. In addition, there had to be a legally liable father, which meant that paternity had to be established before advance maintenance became available. In 1947, eligibility for the programme was made independent of the custodial parent's income, and children with an unknown father became eligible after the age of three. The programme was changed again in 1957, this time to include a guaranteed minimum support for each child. Children whose non-custodial parents failed to pay support received this guaranteed minimum payment. Children who were intended to receive less than this minimum according to the support agreement between their parents would receive the difference from the government, provided that the low, private payment was due to the non-custodial parent's inability to pay more. The government's guaranteed maintenance level was set at 40 per cent of the official basic need of a child. Today, all children

with an absent parent are entitled to advance maintenance and, as noted, non-custodial parents of children in the programme are supposed to pay a standardised amount of support.

Denmark and Norway have had similar advance maintenance programmes for decades[37]. Recently, Austria, France, Germany and some Swiss cantons have developed more limited programmes. The German programme is typical of this group[38]. Children who are both eligible for child support and less than six years of age are entitled to receive an assured benefit for a maximum of three years, but eligibility is voided if the custodial parent remarries. The Scandinavian programmes are distinguished from these newer developments not only in being more generous but also in being more accessible. Their benefits are more easily obtained, since participation usually requires only registration. In contrast, in the other countries the courts are often involved in determining eligibility.

The need for child-support payments assured by law has been growing with the number of low-income, lone-parent families. Therefore, advance maintenance schemes have been endorsed by the Council of Europe[39]. Yet it is not always clear what constitutes an advance maintenance scheme. For instance, the Council includes both "specific schemes for advance payments" – those discussed above – and "payments under a social benefit scheme", or welfare, and concludes that "whenever the payment can be recovered from a debtor, no substantial difference exists between a social benefits and an advance payments system"[39]. How true this conclusion is will be examined further on in discussing the differences between and relative merits of "assured benefit" and "set-aside" programmes[40].

LIMITS OF CHILD SUPPORT

Limits of Private Collections

Improvements in any one dimension of the public enforcement of private child support will have small effects on poverty, welfare dependence or costs. This is because each dimension of the system limits the potential effectiveness of others. For example, how much can be gained by increasing awards is dependent upon the degree to which obligatory payments are paid. Similarly, the efficacy of improving payment performance is limited by the degree to which awards are adequate. In a study based on Wisconsin AFDC data, McDonald, Moran, and Garfinkel found that: *i)* getting awards in all cases or *ii)* raising existing awards to the Wisconsin standard or *iii)* collecting 100 per cent of what was currently owed would each lead to increased child-support collections for AFDC cases of from $16 million to $25 million[41]. In contrast, doing all three simultaneously would lead to an increase in collections of $141 million, which is equal to more than twice the sum of the individual improvements.

The maximum potential effect of improvements in all dimensions of child support is large. Oellerich and Garfinkel estimate that, for the United States as a whole, if child-support obligations had been obtained in every case, were established at the Wisconsin or Colorado standard, were updated annually, and were paid in full, the poverty gap in 1983 for families potentially eligible for child support would have been reduced by about 30 per cent, welfare dependence by about 16 per cent, and welfare costs by about 30 per cent[42].

Despite the fact that these are sizeable effects, two caveats are in order. First, they are the maximum that would result from a perfectly efficient child-support enforcement system.

Perfection in all dimensions is unattainable. More realistic estimates are in the order of two-thirds to three-fourths of the maximum potential estimates. Secondly, and more importantly, even a 30 per cent reduction in poverty still leaves 70 per cent of the problem. It can be concluded, therefore, that, although private child support has the potential to make a substantial dent in poverty, welfare costs, and to a lesser extent welfare dependence, private child support alone is not nearly sufficient to eliminate poverty or welfare dependence.

Limits of Public Child Support

A child-support assurance system like the one being tried in Wisconsin can make substantial additional reductions in both poverty and welfare dependence. As noted above, an assured child-support benefit is one method of sharing with low-income families eligible for child support the savings on welfare expenditures that arise from increased child-support collections. A federal child-support assurance system (CSAS) that was cost neutral, that is, one that funnelled all AFDC savings back into the system but cost the treasury no additional funds, would reduce poverty by about 40 per cent and AFDC caseloads by about 50 per cent.

Although these estimates document that the potential for a child-support assurance system to reduce poverty and dependence is quite impressive, they also point to the limits of a child-support strategy. Even if all the welfare savings resulting from increased private child-support payments to AFDC families were used to finance an assured benefit, over half of the needs of this target group would remain. In short, though child support is a good strategy for reducing poverty, it is hardly sufficient.

ISSUES IN CHILD SUPPORT

The Establishment of a Child-Support Award

The first weakness of the traditional system, the absence of a support order, is primarily associated with never-married mothers when paternity has not been established. The proportion of births out of wedlock has been increasing in all OECD countries. The legal identification of the father is an important requisite for the pursuit of support for many children.

Should the government step up its resources to identify and locate fathers? What are the costs and benefits?

Since 1975, the United States has established a network of parent locator services in order to help search for non-custodial parents in paternity cases. Paternity is adjudicated in court if not voluntarily acknowledged. Custodial parents receiving welfare run the risk of losing part of the benefits if they do not assist in this process. Never-married mothers in most other countries are also required to co-operate if they wish to continue to receive public child-support benefits.

One objection to this requirement is that it results in the harassment of the recipients of the benefits. Some custodial parents may wish to sever all ties to the non-custodial parents. Others may feel that they are stigmatised by the process.

Another objection to placing too much emphasis on pursuing paternity is its cost-effectiveness. The costs of enforcing child support are obviously higher if paternity must be established. Yet collections are generally not impressive, because fathers in never-married cases tend to be poorer, and it is usually more difficult to collect from them. Adjudicated fathers are less likely to make regular payments. Therefore, enforcement resources may be better applied to pursue other non-custodial parents.

On the other hand, the rigorous pursuit of paternity cases may encourage young parents with marginal attachments to one another to become more attached and may also have a deterrent effect on those prone to be irresponsible parents. Thus, even if establishing paternity were not cost-effective as conventionally measured it might well be so if all the benefits were measured.

Moreover, paternity action today may be more cost-effective. As blood tests have improved, the costs of establishing paternity have decreased, and the success rate of positive identification has increased[43]. Research also indicates that, though the incomes of the fathers of children of unmarried mothers are low, they are not negligible[44]. Combined with expected improvements in collection mechanisms, the cost of pursuing paternity cases can easily be recovered in the long run. Finally, as child support increasingly comes to be seen in the light of the tax model, the liability of the non-custodial parent to the child and to the public is given more emphasis than the custodial mother's discretion in establishing paternity. Current practices imply that the applicability of the tax model is bounded by the receipt of public child support, since mandatory participation in paternity identification is required only of custodial mothers who are government beneficiaries.

If the tax liability model of child support were to be extended to cover all families, one could envision the requirement for paternity establishment in all out-of-wedlock births regardless of economic status. This practice would enforce the principle of parental responsibility to its full extent. It would expand the right of the out-of-wedlock child beyond the need for current support to entitlements to social insurance benefits, succession rights, and family identity.

Setting the Amount of the Award

The United States has recently required states to devise numerical guidelines for establishing child support. Many European countries have used standard formulae for many years, and Australia is considering such legislation.

What is the case for statewide numerical standards as opposed to the traditional system of judicial discretion? Should such standards be binding?

There are three arguments for setting support obligations through legislated numerical formulae. First, the public has a direct financial stake in the amount of payment by non-custodial parents whose children receive public supplements. The lower the amount of private support, the greater the burden on taxpayers. How the support of poor children should be apportioned between the two parents and the public is a policy issue that courts are not suited to resolve. It is a legislative matter. Secondly, the traditional system results in inequity. The level of award depends upon the attitudes of local judges, the power of former spouses, and the skills of lawyers. Thirdly, the traditional system exacerbates tensions between ex-partners by placing the decision on the amount of support in an adversarial context.

In contrast, the advantages of the discretionary system are fivefold. The first reason for relying on the judicial process is that each case is unique. Some children may benefit more

from in-kind support or property from the non-custodial parent. Some parents may be rich in resources that cannot easily be quantified according to a formula. Courts are ideally suited to this task. Secondly, most divorced parents reach agreements without the intervention of judicial authorities. Thirdly, removing the adversarial nature of the determination of support may be helpful to the relations between the ex-partners but may increase hostility to the government because of a perceived rigidity in the law. Fourthly, fixing support obligations in the law may shift the focus of the battle between ex-spouses from the amount of child support to the custody of the children. Custody fights are likely to be more harmful to the children than fights over child support. Finally, most of the arguments for a legislated formula for child support would be satisfied by guidelines rather than binding law. Indeed, the guidelines required by the United States Congress in 1984 need not be binding upon the courts or administrative agencies, nor even be the presumptive child-support award.

Yet several states have adopted presumptive but rebuttable standards for awards. Departure from the standard may be requested by either spouse in court. If the argument convinces the presiding official, he may then depart from the standard by making a written finding. Through federal legislation, the Family Support Act of 1984, the state guidelines have been made presumptive.

At issue is the extent to which the setting of support should be transformed from discretion to a resemblance of taxation. Several observations can be made. The first is that some degree of transformation is inevitable. It is a direct result of trends in marriage in modern society. When the number of broken marriages and paternity cases is small, greater equity is achieved by tailoring agreements to each unique case. In small communities in the past, the judge knew the parents and their circumstances, so that justice was better served by taking account of all particulars. But when the number of cases is large and the system becomes impersonal, individualised treatment breaks down. Instead, standardisation becomes a more equitable form of treatment.

In practice, judges in most jurisdictions in the United States now do very little by way of tailoring child support to particular circumstances. In some OECD countries, the number of child-support cases may be a much smaller burden on the courts and individual discretion may be more feasible. Even then, there may still be a case for numerical guidelines to promote greater uniformity. In the United States the trend in criminal as well as family law is to have sentencing guidelines on the grounds that greater uniformity promotes equity.

But to place high value on parental responsibility suggests that a stronger version of the tax model than optional guidelines is called for. The existence of a set of guidelines that are not only numeric but also presumptive would convey more clearly society's expectation of the non-custodial parent's liability. A presumptive standard is also sound policy in view of the public's financial stake in the children concerned. Optional guidelines would leave public spending decisions in the hands of judges who do not agree with the guidelines.

Is there a case for moving even closer to the tax model? At the extreme, the entry of the award amount may be made an automatic process, triggered administratively by the finalisation of divorce or adjudication of paternity; the rebuttal of the presumptive standard would become a separate process of administrative or judicial review. The desirability of this procedure is nonetheless limited by the need to consider issues like custody and visitation, which are intimately linked to support obligation. As long as the standards are not fully developed to take these issues into account, such a system may be bogged down by the high incidence of separate reviews that is needed. For the present, making the child-support award a rebuttable presumption is a compromise which will eventually promote much greater uniformity while still preserving a fair degree of judicial discretion in the short run.

Should private support awards be updated automatically over time? What basis of updating should be adopted? Regardless of whether the award is determined through judicial discretion or by standard formula, an issue that deserves consideration is whether to incorporate a mechanism for routine updating. This mechanism may take the form of automatic indexing or mandatory periodic review of incomes. In the traditional discretionary system, this mechanism is typically absent; the updating of awards must be initiated by the individual payer or recipient of support through the courts.

The main argument for moving away from this traditional judicial process is that it is costly in time and money, both for the parties involved and for the public. The prohibitive costs in turn become barriers keeping custodial parents from seeking increases in support. Empirical evidence provides ample proof of such negative consequences in the traditional system. In a review of court cases in Wisconsin, it has been revealed that, on the average, the initial amount of award conforms closely with state guidelines in being a percentage of the non-custodial parent's income. Over time, however, few awards are increased and the real value of child-support declines with inflation, and no longer bears any relationship to the non-custodial parent's ability to pay. To some advocates of the traditional system, this may be the way it should be. Since the non-custodial parent no longer lives with the child, the attachment between them weakens over time and the deterioration of support is a natural way to symbolise the process of disengagement.

If the award is indexed to the earnings of the non-custodial parent, it results in a higher marginal tax rate for him or her. If the award is a function of the incomes of both the custodial and non-custodial parents, there is an incentive to reduce one's own income before the review in order to minimise one's contribution. Under the traditional litigation system, these distortions are minimised because of the sporadic and uncertain nature of updating.

Yet if the parental obligation to help support his or her child is valued, it should not be shunned because of separate residence or the lapse of time. The fact is that the traditional process is ineffective in upholding this obligation over time, and a more efficient administrative mechanism is needed to prevent child support from being eroded by inflation. This problem has its analogue in the income tax system. The real level of tax brackets and exemptions decreases over time, pushing families into higher brackets. After the inflationary period of the 1970s, many OECD countries opted for indexation of the tax schedule instead of leaving the task to the political process as in the past. In the domain of child support, Sweden appears to be the only country with a legislatively incorporated adjustment in its child-support standard.

As other countries begin to consider automatic updating of awards, the question arises as to what is the appropriate index. Price level is one obvious choice. A second alternative is to gear child support to the personal income or earnings level of the parents. The case for each will be considered briefly.

As noted above, indexing to personal earnings has the drawback of accentuating the distortion of work. But it is more equitable because it is directly related to the ability to pay. The level of support would change along with any gains or losses in the living standard of the non-custodial parent and of the custodial parent as well, if that is a factor.

On the other hand, the use of price indexing would give more weight to guaranteeing a steady level of private support, since the children's entitlement would be constant in real value. It is more consistent with the disengagement theory, since the level of parental responsibility is frozen at the point of the initial award. The children would not have a share in any improvement in the non-custodial parent's subsequent living standard. Of course, a practical question is whether the parent can still afford to pay in the event of a reduction in income.

It is perhaps fair to say that the best choice of the guideline for updating is a function of various factors in the child-support system. For instance, from the perspective of the children's welfare, if the public support system provides for an adequate safety net to buffer possible reduction in private support, earnings indexing is more advantageous; otherwise price indexing might be the safer bet. If the formula for support is a function of both parental resources and child-rearing costs, then a combination, with resources geared to earnings and cost to price, would make sense. Finally, the choice of index must also be a function of the ease of administration in the collection process, which may differ from country to country.

The Collection of Support

Collection of the support owed raises another problem in the traditional child-support system. Without improvement in the collection mechanism, efforts to determine the appropriate award would be futile.

Should the government be involved in collecting and transferring private support for all families? If so, what branch of the government, judicial or executive, should be in charge?

The first collection problem in the traditional discretionary system arises from the difficulty of monitoring payments because the arrangement is private. Some states in the United States have long mandated payment through the courts but compliance is low and the judicial system has few resources to enforce the rule. Only in 1975 did the federal government require welfare recipients to assign child-support rights to the state Office of Child Support, thus establishing that agency as the official channel of payments for non-custodial parents in welfare cases. The role of that agency has expanded to non-welfare families who request the services, and in some states for example, Massachusetts collection has been turned over to the revenue department.

Opponents of the trend to make the collection of support more akin to the collection of taxes generally see it as a bureaucratic encroachment on private life. Efficiency is thought to be compromised by setting up government intermediaries. Further, the direct payment of support may be useful in some cases for maintaining parental contact and showing concern.

The empirical fact, however, is that many non-custodial parents do not keep up their payments. As the number of child-support cases increases, the court is no longer capable of monitoring payments. The introduction of a public administrative agency increases efficiency in these circumstances. Given the burden of collection, this seems an area where the tax model is useful: it provides a prototype for the uniform collection from all non-custodial parents through an administrative unit.

Should immediate withholding of income be enforced or should income be withheld only in the event of failure to pay?

In 1984, the United States federal government officially sanctioned wage withholding as the route to more efficient child-support collection. Contingent wage withholding on all non-custodial parents goes into effect if he or she is in arrears for a month or more. Many other OECD countries have similar legislation. In contrast, several states, including Wisconsin, have adopted immediate withholding, effective automatically upon the entry of a support order. The Family Support Act of 1988 requires all states to adopt immediate withholding laws. Income-withholding has long been used for tax collection. How much should child-support collection borrow from the tax model? Immediate withholding for all cases may be construed as an invasion of privacy. It also prevents non-custodial parents from participating actively in supporting their offspring. Moreover, employers may be reluctant to accept this added burden.

Each of these criticisms also applies to withholding upon failure to pay, but then the non-custodial parent may be seen as deserving punishment. However, in the taxation model, immediate withholding is made routine and the elements of punishment and stigma are removed. But the strongest argument for the tax model is that taxing at source is effective. No one would expect that the collection of income tax would be as efficient as it is if withholding were contingent on evasion.

Another argument for withholding at source is that the obligation to support one's children is a paramount responsibility. As such, it makes sense to guarantee the payment of this obligation by universal automatic withholding. To the children, the ensuing regularity and stability of payment mean unmeasurable security. Here the best interest of the child is seen as overriding the potential preference for privacy of the non-custodial parent.

Finally, there is the matter of practicality. Non-custodial parents who have defaulted for a few months may have spent the money for other purposes and often cannot afford to pay back the arrears. Most important, empirical evidence shows that 70 per cent of non-custodial parents become defaulters within three years. No society profits by making such a large proportion of a sub-group into law-breakers. Uniform automatic withholding renders the system more efficient, convenient, and humane than a process triggered by non-payment. This is one area where the full model of taxation should be applied for all its advantages.

Assuring Payments

The final major policy issue faced by many governments is whether the government itself has a role in the payment of support benefits, and what form the benefits should take. The need to consider this question arises because, even with a numeric standard for private payment in place, many non-custodial parents simply do not have the resources to pay for a minimum level of sustenance for their children. Furthermore, no matter how much better a system performs in collecting from non-custodial parents, there is bound to be some slippage. In this area Sweden leads the world in providing advance maintenance benefits.

The single most important argument for an assured benefit is that it improves the economic security of lone mothers and their children. When combined with earnings, an assured benefit lifts many lone-parent households out of poverty and removes them from welfare. An assured benefit reduces the risk to middle class children whose non-custodial parents become unemployed or unable to work. In such cases, child support falls only to the socially assured level, not to zero. In addition, because the assured benefit, unlike welfare, is not reduced dollar for dollar as earnings increase, it promotes work and independence.

Lastly, an assured child-support benefit contingent on the establishment of paternity creates an incentive for unwed mothers to identify and help locate the fathers of their children.

There are naturally objections to the idea of assured child support. Some see it as an unwarranted extension of government responsibility. The potential cost is probably the biggest concern. Finally, many may view the assured benefit as an extension of welfare under a different name.

The government interference argument is one of conflicting values: does society believe that the increase in the economic security of children warrants the extension of public activity? The question of cost, however, is an empirical one that can be and has been partially answered by research.

Our estimates indicate that, if only 70 per cent of what non-custodial parents would owe under the Wisconsin percentage of income standard were collected, a zero cost federal programme would reduce by over half national AFDC caseloads and by about 40 per cent poverty among children eligible for child support.

Even if one accepts the government's role in subsidising child support, the assured benefit program is not the only means available. An alternative, adopted by the United States in 1984, is to share with eligible families the AFDC savings resulting from increased collection of private child support by disregarding the first $50 per month of private child-support payments when determining AFDC benefits.

Whereas the assured benefit encourages work and reduces welfare dependency, this $50 set-aside makes welfare and non-work more attractive. The assured benefit encourages work because, unlike welfare, it is not reduced dollar for dollar as earnings increase. It is designed to supplement rather than replace earnings. In contrast, the set-aside raises, by up to $50 a month, the amount of income a family on welfare can receive without working.

This difference between an assured benefit and the United States and Australian set-aside within welfare is reflected in the number of benefit recipients who work. Only a small proportion of welfare recipients in the United States and Australia work. Swedish custodial mothers, on the other hand, are not faced with such incentives, although a large number of them benefit from the assured benefit of advance maintenance. Almost all of them are in the labour force.

Estimates for the state of Wisconsin indicate that if costs and poverty reduction are held constant, improved child-support collections combined with an assured benefit will reduce AFDC caseloads by three times as much (22 per cent rather than 7 per cent) as improved child-support collections combined with the set-aside. The custodial parents who are induced to leave AFDC by the assured benefit programme increase their work efforts on average by 1 100 hours per year and their earnings by $3 500. In terms of the work and independence of low-income custodial families, the assured benefit approach is clearly superior to the set-aside strategy; it is, as clearly, not just welfare by another name.

For the Poor Alone?

Common to all of the issues raised above is a critical concern: should the resolution of the issue apply to the poor alone or to all families eligible for child support regardless of income? As yet, no clearcut answer has emerged in practice. With respect to benefits, European countries have displayed a preference for universal provision of child allowance, health care and, more recently, assured child-support benefits. With respect to the collection of child support, however, policy is for the most part more targeted on the poor or those receiving benefits or both. In marked contrast, the United States has displayed a preference for income-tested benefits. During the Reagan Administration, benefits have become even more targeted. Yet, even as public child-support benefits became more targeted, the public enforcement services of private child-support obligations have become decidedly more universal. In this section, therefore, we explore the pros and cons of establishing separate child-support policies for the poor.

The first argument for providing benefits only to the poor is that it is cheaper. The greater the number of people who receive benefits, the more costly the programme will be to non-beneficiaries. Programmes that provide benefits to everyone, such as public education, will be more costly to upper-middle-income and upper-income people than programmes

that provide similar benefits only to the poorest. Thus, because universal programmes cost them more than welfare programmes, the narrow self-interest of citizens with above-average incomes will lead them to favour welfare programmes. Only if a universal programme offers substantial advantages to people with above-average incomes will the extra costs be worthwhile.

A second argument for limiting child-support enforcement services to the poor or at least to beneficiaries of government benefits is that public intervention hinges on the public stake in private child support that arises out of public provision. Clearly, how much private child support a non-custodial parent is ordered to pay and actually pays is of direct material interest to taxpayers if they are sharing the cost of raising the child. But what is the public stake in non-subsidised cases?

The argument for universal provision of enforcement services begins with the observation that there is a public interest in children of all income groups. This is the justification for State regulation through legislation and court review in every country. The issue is, therefore, not whether there should be public intervention. That has been decided in all OECD countries long ago. It is more mundane. Should courts be guided by very general considerations or by presumptive standards? Should child-support payments be withheld from wages in response to delinquency or immediately? Should child-support payments be paid routinely to a government agency or not? Most pertinent to this section, should the answer to these policy issues be the same or different depending upon whether or not poverty or a government benefit is involved?

With respect to cost, the more pervasive a problem, the greater is the case for resolving it with a universal programme. When the problem affects the middle- and upper-middle-income groups, they may have more to gain from a universal than a welfare programme. Poverty is the most extreme manifestation of economic insecurity. But economic insecurity is not confined to the poor. Unemployment, for example, is most severe for the poorest, but it is often severe even for middle-income and upper-middle-income groups. The fact that unemployment insurance provides benefits to all rather than to only the poorest reflects the pervasiveness of the problem of unemployment and society's commitment to reducing the economic insecurity of the unemployed population regardless of their poverty status. That is why almost all OECD countries have an unemployment insurance programme. Similar arguments exist for Old Age and Survivors' Insurance.

Are the economic insecurity and poverty of lone-mother families pervasive social problems or are they confined to a small segment of the poorest citizens? The evidence clearly indicates that they are pervasive in the United States. Nearly half of such families are poor. Most of the others have suffered large drops in income but do not qualify for welfare benefits. It is hard to avoid the conclusion that welfare is no substitute for a programme that would provide support for all lone mothers.

Despite the fact that women obviously have a disproportionate interest in how such families are treated, this is not just a woman's issue. In the United States nearly one of every two fathers who has a daughter today can expect her to head her own family. Similarly, one of the two fathers can expect his offspring to live in a mother-only family before growing up and leaving home. And nearly one of every two men in the next generation will grow up in such a family. Because any one could be affected, it may be in the best interests of people of all income group to provide some benefit and services to all mother-only families rather than to only the poorest. If a man's daughter, for instance, runs the risk of divorce but not of poverty, it may be cheaper for him to pay more taxes for an efficient, universal, child-support collection system than to pay lower taxes for a system that

serves the poor alone. For, in the latter case, he may be forced to provide the only support his daughter and her children will receive, with those children's father getting off scot-free.

Finally, a system of private child-support with rigorous public enforcement that applies to only those receiving a public subsidy divides society along class lines. The less well-off members of society are dealt with administratively by means of withholding and routinisation while the more well-to-do resort to the courts and are allowed to make private arrangements. Income-testing public child-support benefits has the same effect. Rather than integrating poor lone mothers into the social mainstream, the AFDC programme in the United States has segregated them. They deal with a special welfare bureaucracy and are discouraged from working by unconscionably higher marginal tax rates than the rest of the population confronts.

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Chapter 7

OBSTACLES AND OPPORTUNITIES FOR LONE PARENTS AS BREADWINNERS IN GREAT BRITAIN

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SETTING THE SCENE

British lone mothers participate less in the labour market than married mothers with children of the same age. Moreover, their rate of employment is one of the lowest for lone mothers in Europe. Their participation in full-time jobs has fallen the most and is now low by European standards. Their participation in part-time work is not low by those standards, but is well below the internationally high proportion of married mothers in part-time employment in Great Britain (around one in three). Lone mothers share with lone female pensioners the highest risk of poverty. Estimates for 1983 put 61 per cent of both these categories below a poverty line defined as 140 per cent of ordinary Supplementary Benefit assistance levels, a line which marked off 28 per cent of all households and 43 per cent of lone fathers (Millar and Glendinning, 1987, Table 1.1).

Employment Status and Benefits

In the British context, welfare dependency can be broadly equated with drawing one's income from Supplementary Benefit (SB), a nationally administered means-tested system for certain people not in full-time work. Being on supplementary benefits is more or less synonymous with joblessness. Well over half of all lone mothers now claim this benefit (50 per cent in 1982; 57 per cent in 1984) and about a quarter of lone fathers (24 per cent in 1982). Taking an average estimate for 1982-1984, it appears that roughly half of all lone mothers were both on supplementary benefit and not employed; less than one in ten combined part-time employment with supplementary benefit; a little over one in ten combined employment with Family Income Supplement (FIS), a means-tested benefit for family heads in low-paid work. This leaves about three out of ten lone mothers not claiming either benefit, of whom two in ten were in employment. Since take-up of the Family Income

Supplement is low, many of these employed lone mothers may actually have been eligible for some means-tested assistance and could have been receiving help towards their housing costs (OPCS, 1984; and DHSS, 1986). There is also the non means-tested One Parent Benefit, which supplements Child Benefit, payable to all parents with the prime responsibility for child-rearing.

In the 1980s, the main worry over welfare dependency, not only from the point of view of public expenditure but also because of the possible cycle of disincentive and disadvantage trapping people into poverty, concerns supplementary benefit rather than the range of benefits which assist those in jobs. Not taking up available benefits remains a problem contributing to the incidence of poverty.

In the social assistance system lone parenthood is regarded as a sufficient reason for not being available for employment, in contrast, for example, to Sweden or some states in the United States which operate "Workfare". The fact that lone parents, like pensioners, are not expected to be in the labour market operates to their advantage over other claimants of supplementary benefit to the extent that they are not required to register for employment and become eligible, after a year, to a long-term rate of benefit. There is a catch, however. The fact that they are not registered job-seekers renders them ineligible for help from the Manpower Services Commission in getting into training schemes or from the Enterprise Allowance, which helps unemployed people start up in small businesses. The general expectation that employment and child care do not need to be combined means that employment policy generally makes little concession to those who do try to combine them.

Child-Care Services

Another implication of the ideology prevailing for much of the post-war period, namely, that the "place for women and children is together in the home", is the very small provision of subsidised collective facilities for the day care of children. Day nurseries run by financially constrained local authorities offer few places and are increasingly reserved for children with special problems. Pre-school education is far from universal and does not provide the day-long cover needed by a parent employed full-time. The school system effectively takes charge of school-age children during the school day and term-time, but the schools do not see day care for the children of working parents as their true business. Full-time workers need more help with child care than the by-product of the school system, which gives many married women their access to a limited part-time labour market. Local authorities are theoretically enabled to provide care and supervision outside schools hours, but there are organisational as well as financial constraints, since the service needed falls between the jurisdictions of different departments: recreation, social services and education. A relatively small number of employed mothers purchase child care privately, predominantly from child-minders. No recognised professional training exists for these home-based workers. Back-up services from the local authorities who register them is limited and patchy.

The majority of pre- and out-of-school child care arrangements are informal, relying on relatives and friends as well as husbands – not, of course, in the last instance, an option open to the lone parent, unless the family remains on good terms with the non-custodial parent. A declining proportion of lone-parent families has been sharing accommodation with others. The situation where the child's grandmother or other kin provides the child care is, therefore, probably becoming less common. There is an unmet need for satisfactory and affordable child care provision.

Housing Issues

Public sector housing is a service on which lone mothers are heavily dependent. In 1983, 62 per cent of lone mothers were local authority tenants compared to 26 per cent of two-parent families. Maintenance of such tenancies is not conditional on remaining poor, so it cannot be argued, as it may be elsewhere, that a lone parent would lose her right to housing if she increased her income. However, many lone parents gain their access to council (public) housing through having become homeless, and they tend to be allocated meagre accommodation. Poor housing, with no choice of location, does not enhance earning power. It leaves the parent with little choice over possible combinations of job location, as well as school and child-care facilities, and is likely to reduce the scope for working from or at home. Mobility may also be restricted for some of the lone mothers who are owner-occupiers. Any capital realised as the result of a move may disqualify them from supplementary benefit or, retrospectively, from Legal Aid under certain circumstances. The Housing (Homeless Persons) Act of 1977 increased the access of lone mothers to public housing by dint of their going through the traumatic process of being accepted as a Homeless Person. This probably accounts for the growing proportion of lone parents who are householders. It is to be noted that being a one-adult householder is a handicap in the labour market in its own right, quite apart from the double shift for child care. Dealing with household maintenance and with the bureaucracy is a time-consuming and often stressful experience, which can only be conducted during official working hours.

There is another issue connected with housing provision to be noted in passing, though it has, as yet, been unresolved by research. This is the concern that the availability of public housing constitutes an inducement to young women to become unmarried mothers. For some, having a baby is the quickest route to adulthood and independence from their parental home, given their poor employment prospects and the shortage of rented accommodation suitable for young people. Whatever their reason for becoming lone parents, these young mothers have a relatively high chance of leaving that state through marriage, which is likely to be enhanced if they have some contact with the labour market or education and training programmes. They then have a wider range of social contacts, their children present less of a negative dowry to prospective husbands, and the chances of the reconstituted family avoiding the stresses of poverty will also depend upon their earning power. Earning power and employment experience have been shown to be positively associated with the remarriage rate of formerly married lone mothers (see Chapter 4 of this volume).

The British Labour Market in the 1980s

These developments should be seen in the context of the labour market as a whole. The 1980s have been a period of high unemployment, declining numbers of jobs for full-time employees and rising numbers of people in self-employment, part-time and temporary jobs. It has been estimated that the proportion of the male labour force in full-time permanent employment fell from 74 per cent in 1981 to 69 per cent in 1985 (Hakim, 1987). Among economically active women, such full-time permanent jobs fell from 49 to 44 per cent. Women with other sorts of jobs – part-time or temporary employment or both, self-employment and working at home – increased by about 600 000 (43 to 45 per cent of a growing labour force) to exceed full-time employees. Female unemployment, as measured by the Labour Force Survey, rose from 9 to 10 per cent of the economically active population. The proportion of the labour force who were women went up from 40 to 41 per cent between 1981 and 1985.

The total numbers were virtually the same, 21 million, in 1981 and in 1987 (Department of Employment, 1987*a* and 1987*b*), but the proportion of females had gone up from 43 to 45 per cent of all employees, with nearly the whole of the increase accounted for by part-time jobs. The proportion of male employees in part-time jobs has also gone up, but it remains at a low level, 6 per cent in 1981 to 7 per cent in 1987. Jobs in manufacturing have declined whereas those in the service sector have risen. It seems unlikely that the increased representation of women in the workforce has involved much occupational desegregation, the jobs typically done by female part-timers tending to be those where women are already in the majority. Occupational segregation is associated with women in low-paid jobs. The differential between male and female earnings and the particularly low rates of hourly pay in women's part-time jobs appear to have persisted without much change since the end of the 1970s.

Towards an Explanation of the Trend

Falling opportunities for full-time employment could therefore be one of the factors explaining the falling rate of full-time employment among lone mothers and fathers since the 1970s. However, the declining rate of participation by lone mothers in part-time work cannot be attributed to any overall decline in the number of such jobs, since that has in fact been growing.

The relative, though declining, success of lone fathers in avoiding welfare dependency has both economic and social explanations, themselves mutually reinforcing. Men earn more than women and are not expected to give up work whereas a mother's place is commonly supposed to be at home with her children (Letts, 1983; and George and Wilding, 1972). The fact of fathers having a paid job is less questioned; indeed, there are social difficulties for any man who takes over the role of a stay-at-home parent. Men are more likely to command the higher level of earnings which makes it possible to combine the parental responsibilities of both caring and providing. Having money to spend on household help, convenience food, running a car and a telephone, and on child care, can help to ease the formidable demands on a lone parent.

Viewed from the perspective of Great Britain's limited child-care facilities, it is easier to explain why the economic activity of lone mothers should now be lower than that of married mothers than to explain why the activity was ever higher, as it was until the late 1970s. The difficulty of finding and maintaining satisfactory child-care provision is the major perceived constraint on a lone parent's participation in employment (Letts, 1983; and Martin and Roberts, 1984).

The logistics of being the bread-winner and home-maker rolled into one present challenges to lone parents of either sex, but the difficulty of the task is exacerbated for lone mothers by the economic handicaps of being female. These are explained in greater detail further on. The net effect is that the most common way for lone mothers to escape from poverty is to marry a man with a job (Millar, 1987). Recession in the labour market has meant that there have been fewer such potential bridegrooms.

Part-time employment is a common solution for married women to satisfy both the need for paid work and time for unpaid domestic tasks. It is not, however, such a frequent resort for lone mothers since part-time work does not bring in enough cash to keep a family, unless it supplements another source of income which is not means-tested. The net wage after taxation, benefit withdrawal and child care expenditure is discussed below.

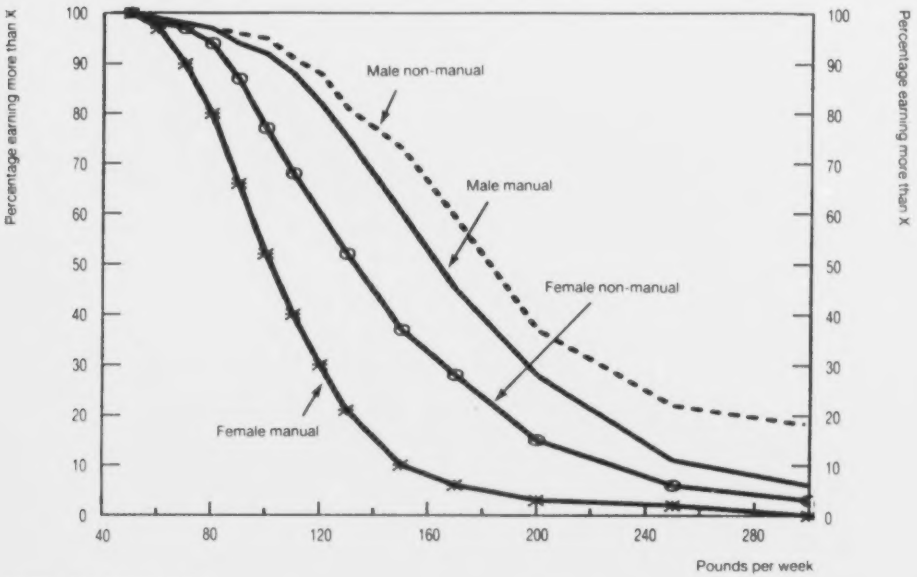
Two questions to be addressed are: if a solution to domestic constraints exists, is paid work worthwhile? Is there any real alternative to living on welfare state benefits?

Earnings Levels and Hours of Work

The range of gross incomes (before tax) earned by full-time employees for a full week's work in 1986 and 1987 is shown in Charts 7.1 and 7.2, as recorded in the New Earnings Survey (NES). In both years (but not shown on the graphs) a woman's average income was 66 per cent of the adult male average. The average weekly earnings of men working full-time in non-manual jobs was, in 1986, £245 per week (£12 700 at an annual rate), in manual jobs £174 per week, whereas for women the averages for non-manual and manual jobs were, respectively, £146 and £108. These figures were all around 9 per cent higher in 1987, representing approximately 3 per cent growth in real earnings after allowing for price inflation. The ranking applies throughout the distribution. The graphs show that the lowest paid group, namely, women in manual jobs, also has the least spread of weekly earnings. These earnings for women full-timers clustered in the range £100-£150. Fewer than one-third (31.5 per cent) of females earned more than this compared to more than two-thirds (70.3 per cent) of males.

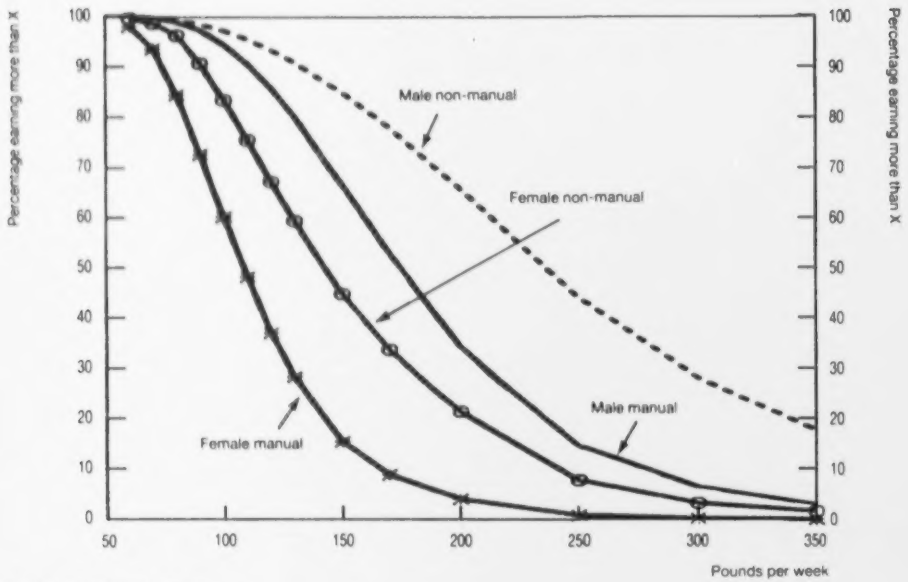
Part-time female employees earned much less. Those covered in the 1986 New Earnings Survey averaged £53 per week, barely one-quarter of the average weekly earnings of a

Chart 7.1. **WOMEN'S AND MEN'S WEEKLY EARNINGS: 1986**
Cumulative distribution



Source New Earnings Survey.

Chart 7.2. **WOMEN'S AND MEN'S WEEKLY EARNINGS: 1987**
Cumulative distribution



Source: New Earnings Survey

male full-timer and well under half (38.6 per cent) that for female full-time jobs. Such jobs most frequently involved 16 to 21 hours per week, and seldom exceeded the 30-hour limit by which such jobs are conventionally defined in contemporary statistics. It should be noted that the Survey only covered workers who normally earned above the National Insurance contribution floor, then £38 per week, and hence omitted information on jobs with very low pay or short hours or both. It also excluded workers based at home and doing manufacturing out-work or child-minding, for example, which are notoriously poorly paid, but often undertaken by women who themselves have small children.

The higher weekly earnings of men are partly explained by longer hours of paid work. Men do more overtime, particularly in manual jobs. Lone fathers report their earning opportunities restricted by their inability to do overtime, shifts or work at weekends (George and Wilding, 1972). The basic working week, for men and women alike, is typically 38 to 39 hours in manual and 36 or 37 hours in non-manual jobs.

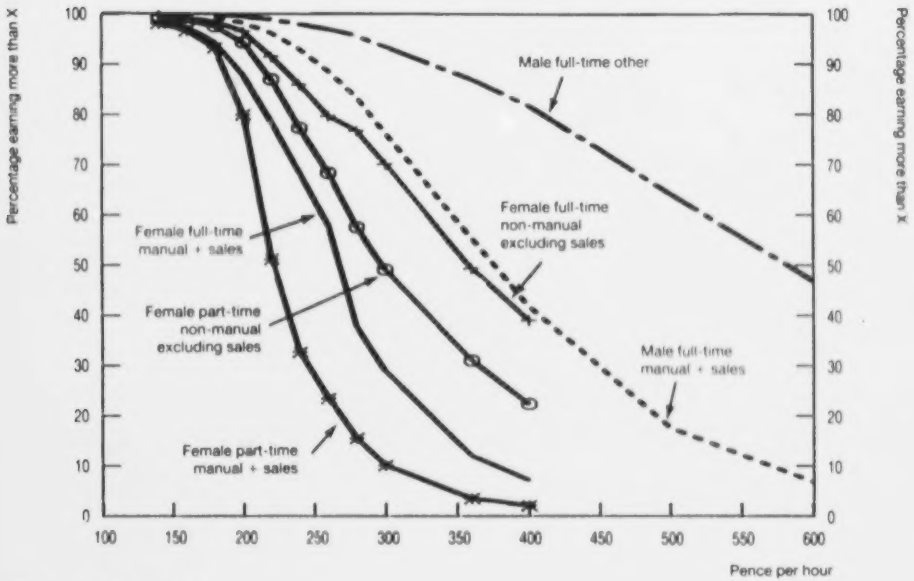
There is still a big gap in the rate per hour at which jobs done by men and women are paid. As a proportion of full-time men's gross hourly earnings in 1986, that of women was 74 per cent in full-time and 58 per cent in part-time jobs. Relative earnings have remained at a similar level ever since the dramatic rise in women's pay in the mid-1970s. For example, in full-time jobs, women's hourly earnings were also 74 per cent of men's in 1978 and 73 per cent in the 1987 New Earnings Survey.

In the data presented on hourly earnings, the occupational split between manual and non-manual jobs has been amended to reclassify sales jobs with manual ones, because, particularly among women, these constitute a large, anomalously low-paid group within the non-manual category. After this adjustment, around three-fifths of female part-timers and male full-timers in the sample are in the lower-paid bracket of manual or sales jobs, whereas female full-timers are still predominantly classified in the better paid group of non-manual occupations (72 per cent). Altogether, 40 per cent of the female employees covered by the 1986 New Earnings Survey were in the low-paid group of occupations (Martin and Roberts, 1984). It has been a shrinking category among workers, but it could well account for a larger proportion of the potential occupations of non-workers. In the 1980 Women and Employment Survey (WES), manual and sales jobs accounted for half of the women currently in employment but three out of ten of the last occupations of those not currently working.

The Distribution of Earnings per Hour

Distributions of hourly earnings for 1986 are presented in Chart 7.3. Even in part-time work, the non-sales, non-manual jobs for women pay more at all levels of the distribution

Chart 7.3. **WOMEN'S AND MEN'S HOURLY EARNINGS: 1986**
Cumulative distribution



Source: New Earnings Survey

than full-time jobs for women in the sales or manual categories, but in each category full-time jobs pay more. In other words, there is a unique ranking of these categories, so that the lines on Chart 7.3 do not cross each other.

As with weekly earnings, the concentration of wage rates is greatest for the low-paid categories of women's jobs, and least for the higher-paid men's jobs, as can be seen by the near vertical cumulative distribution curve on the left of Chart 7.3. Hourly pay in part-time manual and sales jobs for women clusters at a little over £2 per hour. For full-time work in such occupations, it is still mostly under £3. There is a wider range of hourly rates for part-timers in higher grade jobs, half of them over £3 per hour. There are 70 per cent of the full-time rates for women above this level; even higher proportions of men earn more than £3 per hour. At the median for the low-paid occupations, female part-timers are paid 82 per cent of full-timers: in the higher grade occupations they are paid 75 per cent. Taking the median rate of hourly pay for full-time males in that group of occupations as a base, the lower grade occupations pay hourly rates of 60 per cent and 73 per cent for part-time and full-time women, respectively. Among the higher grade occupations the male-female differentials are wider, approximately 51 per cent (part-time) and 62 per cent (full-time) at the median.

The relatively poor pay for part-time work is understated by these figures because there are a number of other ways in which full-timers are better treated, including entitlement to paid holidays, sick leave, maternity leave and pension schemes. Legislated job security does not apply to many part-timers, and their earnings may well also be too low to qualify them for national insurance pension coverage, unemployment insurance and statutory sick and maternity pay [see Lonsdale (1987) for further details]. Fringe benefits in kind, such as company cars and subsidised loans, are also features of the full-time male rather than the part-time female labour market.

There is another sense in which the pay differentials observed in samples of workers overstate the remunerativeness of men's jobs relative to women's jobs and full-time jobs relative to part-time jobs, for they do not control for such characteristics which one might expect to be differentially paid as skills, training, education, employment experience and seniority within a firm. Controlling for a number of such factors, it has been estimated that, on average, a British woman drawn at random from the population in 1980 could expect to be paid 8.5 per cent less per hour in a part-time than in a full-time job (Ermisch and Wright, 1987). This otherwise unexplained differential widens at high levels of experience. The part-time labour market, on the whole, deserves its reputation for comprising "dead-end jobs". Closer examination of occupational details in the same data base and others can account for the full-time premium as arising because the lowest grades of many occupations are reserved for part-timers while better paying grades and occupations are not offered on a part-time basis (Robinson and Wallace, 1984; Martin and Roberts, 1984; Newell and Joshi, 1986*a*). It is thus unusual for a post with supervisory responsibilities to be filled on that basis. So closely identified are part-time jobs and low grades that when, in the few innovative situations, a relatively well-paid post is split between two incumbents, each working 18-20 hours per week, everyone is very careful not to describe them as "part-timers" but as "job-sharers".

Why Are Men Paid More?

Likewise, the gap between the hourly pay of men and women is also partially, but not completely, explicable by the higher educational attainments, employment experience and

training of male employees relative to females. The unexplained residual in "human capital" earnings functions is conventionally, though controversially, interpreted as a measure of the market discrimination in rates of pay. Several studies from the end of the 1970s found an otherwise unexplained shortfall in women's pay that was 15-25 per cent below that of men (Zabalza and Arrufat, 1985; Dolton and Makepeace, 1986; Joshi and Newell, 1987*b*). This suggests that, even after the implementation of the Equal Pay Act, unequal treatment of the sexes persisted. As overall differentials do not seem to have changed much since then, despite the Equal Pay for Equal Work Amendment to the legislation in 1983, these analyses still probably hold true. An analysis of a sample of 32 year-olds in 1978 puts the residual pay differential between males and full-time females, unexplained by ability, education, training and employment experience, at 19 per cent (Joshi and Wright, 1987). As with the differential between full- and part-time pay for females, the unexplained gap appears to widen as men accumulate more employment experience in their late twenties. As with the pay gap between full- and part-time work, the mechanism which helps bring about these persisting inequalities is occupational segregation.

The discriminatory processes which maintain traditional practices include sexual harassment of women venturing into "men's jobs". Lone mothers are particularly vulnerable, since they are considered "fair game". They also report employer discrimination on the very grounds of their being lone parents, though this was not the experience of the lone fathers in the same study (Letts, 1983). Any discrimination against white lone mothers is likely to be intensified for the Afro-Carribean ethnic minority, which is over-represented among the never-married mothers by, for example, the racial discrimination of child-minders (Cook and Watt, 1987).

Earnings Potential

A longitudinal perspective on labour market histories reveals that women tend to experience periods of particularly low pay when they return to employment after a break for child-bearing. The combined effects of lost seniority and domestic constraints restrict such mothers to the lowest range of paid jobs. Moreover, a substantial minority experiences occupational downgrading on taking up the dual role of an employed mother (Martin and Roberts, 1984; Dex, 1987; Newell and Joshi, 1986*a*). In an analysis of the relatively low pay of mothers among employed 32 year-old females in 1978, it was estimated that a shortfall of about 16 per cent below the pay of childless women could be attributed to the consequences of maternal responsibilities, an effect composed in roughly equal amounts, on average, to the effects of lost employment experience, a higher incidence of part-time jobs and occupational downgrading (Joshi and Newell, 1986; and 1987*b*). At age 32, the pay penalties of motherhood appeared to be somewhat smaller than the pay penalties of being female, though the earning power of those mothers who had yet to make a return to employment tended to be further eroded by prolonged absence from the labour market. One estimate is that, in the long run, allowing for induced reductions in hours of employment, earnings lost as a result of being female and earnings lost as a result of motherhood are about equal (Joshi, 1987*a*).

Analyses of the correlates of hourly pay enables something to be said about the potential pay of those without jobs, provided information is available about their educational and occupational attainments and, preferably, their employment experience. In an analysis of participation rates in the 1980 Women and Employment Survey, the present author imputed potential earnings to the whole sample on the basis of their work experience

and top occupational attainment (Joshi, 1984 and 1986*a*). In the context of many adults having only a minimal education, this gives a better proxy for earning power than educational data alone. The values of this variable are presented in Table 7.1, distinguishing lone mothers, married mothers and other women. Using multiple regression techniques, potential pay was strongly associated with labour force participation, other things being equal. This is consistent with the view that decisions to participate are influenced by the pull of good pay, though they were also found to display the "income effect" of the push of low alternative resources. It can be seen from the bi-variate analysis in Table 7.1 that non-workers had somewhat lower earning power than those currently in work. For non-participants as a whole, potential pay was, at the geometric mean, 96 per cent of the wages actually received by participants. Virtually all of the non-participants had had some employment experience, though not, on average, as much as those currently in jobs, whose

Table 7.1. **Earning potential of lone mothers and other women**

Analysis by current employment status, 1980

	In paid work		No paid work	All
	Full-time	Part-time		
Lone mothers (children under 16)				
Index of earning potential				
In top job	111	97	88	96
In present/last job	106	87	83	90
Proportion downgraded	0.219	0.492	0.256	0.304
Sample numbers	64	59	117	240
% in each category	26.7	24.6	48.8	100.0
Married mothers (children under 16)				
Index of earning potential				
In top job	118	103	99	103
In present/last job	111	93	94	96
Proportion downgraded	0.265	0.413	0.242	0.309
Sample numbers	373	872	1 107	2 352
% in each category	15.9	37.1	47.1	100.0
Women with no children under 16				
Index of earning potential				
In top job	109	101	93	103
In present/last job	106	93	87	98
Proportion downgraded	0.151	0.413	0.288	0.238
Sample numbers	1 442	543	590	2 575
% in each category	56.0	21.1	22.9	100.0
All women 16-59 (except students and permanently sick)				
Index of earning potential				
In top job	111	102	96	103
In present job/last job	107	93	91	97
Proportion downgraded	0.176	0.416	0.258	0.273
Sample numbers	1 879	1 474	1 814	5 167
% in each category	36.4	28.5	35.1	100.0

Note: Earning potential is imputed according to a woman's employment experience, age and occupation, using the formula estimated from Women and Employment Survey data in Joshi (1984). The imputed rate of pay per hour is evaluated at the geometric mean and expressed as an index of the actual hourly pay of all workers. This was £1.66 at the geometric mean in 1980, equivalent in 1986 to £2.71.

Source: CPS Analysis of the Women and Employment Survey.

imputed earning power was also raised by their currently clocking up seniority with an employer. The non-workers also had somewhat lower levels of occupational attainment.

It is debatable whether the low pay of the occupationally downgraded represents their full earning potential. It can be argued that, if a woman's current job was not in her "top occupation", there were likely to be current domestic constraints preventing her earnings potential from being realised. Whether the shortfall in pay represented a compensating differential for convenient hours or exploitation in a segmented labour market is an issue that has been discussed. Another interpretation of the low pay of those who have been downgraded is that their earning potential has been eroded by the "depreciation of human capital" that occurred during their absence from the labour market with the result that actual earning potential is no higher than that currently observed. Attempts to look into the 1980 earnings and employment history data for depreciation of earning power through lack of use suggest that this factor is not quantitatively very important for women under 40, when allowance is made (as it is here) for the loss of seniority with an employer (Joshi, 1987*a* and 1987*b*). Furthermore, it is difficult to impute pay on this basis to those not currently working, for they might not actually be able to resume their most recent occupation. Earnings imputed in the current or most recent occupation are also shown in Table 7.1. The difference between the two imputed wages for those with jobs may be thought of as an estimate of their underutilised earning potential and the force of their domestic constraints. Table 7.1 confirms that the impact of occupational downgrading is greatest among those with part-time jobs, particularly lone mothers. In the small sample currently working part-time, half were in occupations likely to be worse paid than one they had held at some point in the past.

The women who at the time of the survey were lone mothers emerge in Table 7.1 as having relatively low earning power. This reflects the processes that select disadvantaged women into long-term lone parenthood (see Chapter 4 of this volume). Among those with jobs, their earning power is a little lower than for employees who are not lone mothers, although a lack of other sources of income appears to raise their propensity to be employed relative to married mothers. Lone mothers without jobs appear to have particularly low earning power: 88 per cent of the average wages in the job at their best paid level or 83 per cent if they resumed work at the level of their most recent job. The sample is too small for a detailed analysis of the sources of this low earning power. Any disadvantages arising from lone motherhood are likely to have been compounded by prolonged absence from the labour market.

Remedial Policies

Analyses of the correlates of low pay also suggest some remedies: investing in employment experience; education and training programmes; affirmative employment policies towards parents; the elimination of discrimination against women in the labour market. These possibilities are examined in turn. None of them, except possibly education, is easily achieved in a depressed labour market.

Maintaining an Employment Record

The relationship between employment experience and earning power appears to be cumulative. Lost contact with the labour market has the effect of lowering the potential

wage, making paid work appear an increasingly unattractive option. Conversely, maintaining contact with the labour market maintains not only current income but future earning power. The force of these arguments is likely to be stronger for women with access to the non-manual, non-sales parts of the labour market, where the pay-off to maintaining employment experience is higher. Though returns to experience in part-time employment are low, they do not appear to be zero, particularly if a woman eventually returns to full-time employment. If married women maintain contact with the labour market while they are bringing up children, they will find themselves at less of a labour market disadvantage should the marriage break up. Those who have made the conventional compromises and sacrifices all too often find themselves and their children suffering as a result, particularly with the "clean break" principle now operating in divorce settlements. On the other hand, many women fear that insisting on maintaining their own careers would provoke marital discord.

Maintaining a full-time employment record may also enhance pension entitlement, but private pensions often fail to provide survivor benefits for a woman's children. Accumulating part-time experience may not offer any occupational pension benefits; indeed, the current version of the State Earnings Related Pension means that years of low pensionable earnings can actually reduce pension entitlement (Owen and Joshi, 1987).

Education and Training

Education and training are also important in raising a woman's earning power. If young single mothers with little employment experience can pursue further education or get access to training, their employment prospects may be a little brightened. But to this end, student grants need to be supplemented for those with dependent children and child care provision has to be available. In October 1987, the Manpower Services Commission inaugurated a pilot scheme to allow trainees who are lone parents to add up to £50 per week for child care expenses to their training allowances. This historic breakthrough is only a very small step in the direction of acknowledging that many members of the labour force also have family claims on their time. Unfortunately, few of the long-term cases will be able to benefit, because places are reserved for those whose names can be withdrawn from those classified as unemployed. Likewise, older women who have become lone mothers after a period out of the labour force benefit from "returners" training to improve their rather bleak employment prospects (Bird and West, 1987). For the few lone parents currently employed in jobs where formal training is offered, there may be difficulties in taking advantage if the training involves abnormal hours, travelling or overnight absences from home. A further step towards accommodating the family commitments of employees would be to offer a crèche and a play-scheme in residential training facilities.

Employment Practices to Ease the Double Burden

Enlightened employers appreciate the limits faced by a worker with parental responsibilities. Flexible hours of work and parental leave for family reasons can help make a double role feasible. Further examples of policies that can help include facilitating career-break schemes, and allowing part-time work in the original job on return from maternity leave. Few workplaces provide nurseries and a recent change in the tax law which treats them as "perks" is scarcely likely to lead to an increase in their number. The most

important challenge is to find ways of making it possible for both men and women to do high-paid work on a part-time basis. Another challenge to employers is to find a way to give women credit for the managerial and personal skills that they acquire when running a home and raising a family. Finally, there is the challenge to organised labour to enhance the bargaining power of the working parent to make sure that the understanding employer is not able to treat her or him as cheap labour (Freeman, 1982).

The adverse consequences of domestic responsibilities on a woman's earning power may, however, not be as great a source of labour market disadvantage as the unequal treatment of men and women in general. Effective measures to implement equal pay and opportunities in the labour market could be of special benefit to lone mothers. These should not be seen as alternatives to measures which improve the options for parents to combine their parental responsibilities with paid work, for the two sets of policies are needed together for either to have any chance of success (Joshi, 1986*b*).

There remains the issue of whether improving the wage rate for a particular group of workers, that is, raising the cost of employing them, might not price them out of work. Opinion is uncertain on this issue. Estimates of the effect of the Equal Pay Act on the demand for female labour are that the hypothesised negative effect on the demand was not very great. However, the estimates themselves are not very robust (Zabalza and Tzannatos, 1985; Joshi, Layard and Owen, 1985). Nevertheless, this does not mean that further increases in wages for women or any particular improvement in the conditions of employment of lone mothers might not reduce job availability. Such a possibility would need to be considered and positively countered in any measures taken to improve the earnings of lone mothers. Another possible feedback of interventions on the labour market is that transfer payments may serve to hold down wages. It is a complex question as to who gains and who loses from such effects, if any, but also one worth considering (Gregory, *et al.*, 1985).

THE NET WAGE

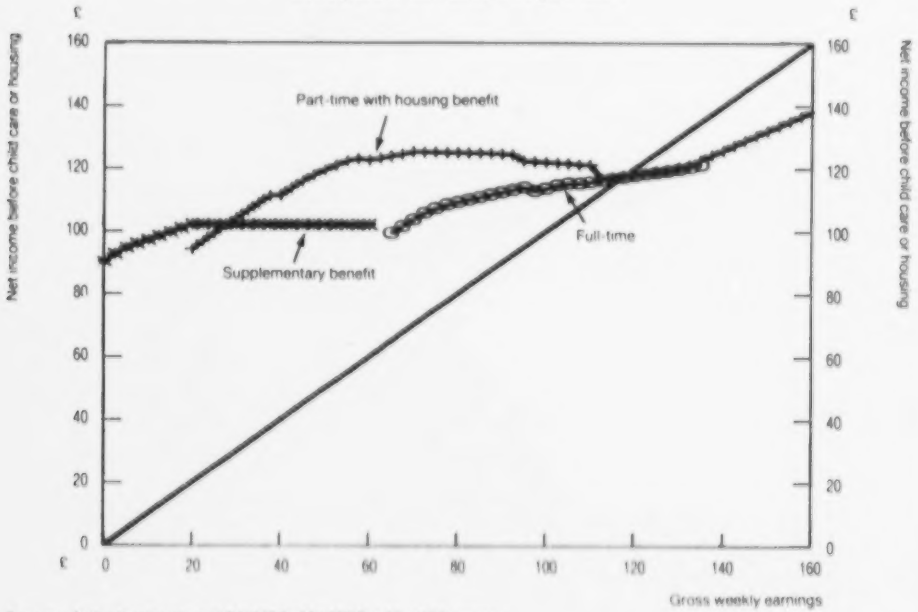
Is Take-Home Pay Worth Taking?

The motivation for participation in the labour force may not be only a concern for its financial rewards. Employment brings self-respect and social content. At least for male lone parents, it also brings social respect. On the other hand, claiming the Supplementary Benefit is an intrusive, demoralising and stigmatising process, so that even if not widely held to be inadequate to meet the material needs of a family, most claimants would prefer not to have to depend on it (Millar, 1987). But money is often given as an important reason for going out to work (Letts, 1983), so it is worth knowing how much financial gain is involved from finding a job at a given gross wage compared with the money a lone parent would have without a job. If benefits are not means-tested, the relevant net income is the gross wage considered above, less tax, national insurance contributions and the expenses of going out to work. If not working, when the lone parent receives a government benefit which is negatively related to income, then possible loss of the benefits also has to be brought into account. As a rough rule of thumb, it may be useful to think of a figure in the region of £50 per week as being the very minimum a lone-parent family would need for mere survival. This assumes there is only one child, that the Universal Child and One Parent

Benefit is claimed and, optimistically, that monthly housing costs are not much more than the weekly cash these benefits bring in. In 1986, the year for which the tax-benefit calculations are available, the Child Benefit was £7.10 per child per week and the One Parent Benefit, £4.60.

National Insurance (NI) is payable above a threshold level of £38 per week in 1986 (£39 in 1987). Below this level no contributions are due. Above it, contributions are due from both employee and employer, proportional to total earnings. This means that increases in gross income which cross the threshold involve a drop in net income. Below £38 per week, net and gross income are equal; with a gross wage between £38 and £40, net income falls below £38 (given the reduced rate of not-contracted-out National Insurance contributions of 5 per cent payable on low earnings). This relatively small "notch" in the net earning schedule is thought to give both employees and employers an incentive to keep weekly earnings below the National Insurance threshold. Part-time jobs offering £35 net and gross are attractive to married women to boost the earnings of the family's main bread-winner but they would not be of much use to a lone-parent family unless she or he, unusually, had some alternative source of non-means-tested income, such as the Widowed Mother's Allowance or substantial maintenance. The payments from non-custodial parents, if any, are typically too small to permit lone mothers to afford part-time employment, as they merely serve to reduce any benefit payable. A measure which would improve the part-time employment option would be to cease collecting National Insurance contributions on the first £38 of earnings.

Chart 7.4(1). **OLD REGIME: SUPPLEMENTARY BENEFITS AND F.I.S.**
Lone parent with children age 3 and 7



Source: Author's adaptation of TAXMOD, ST/ICERD, LSE, 1987 version.

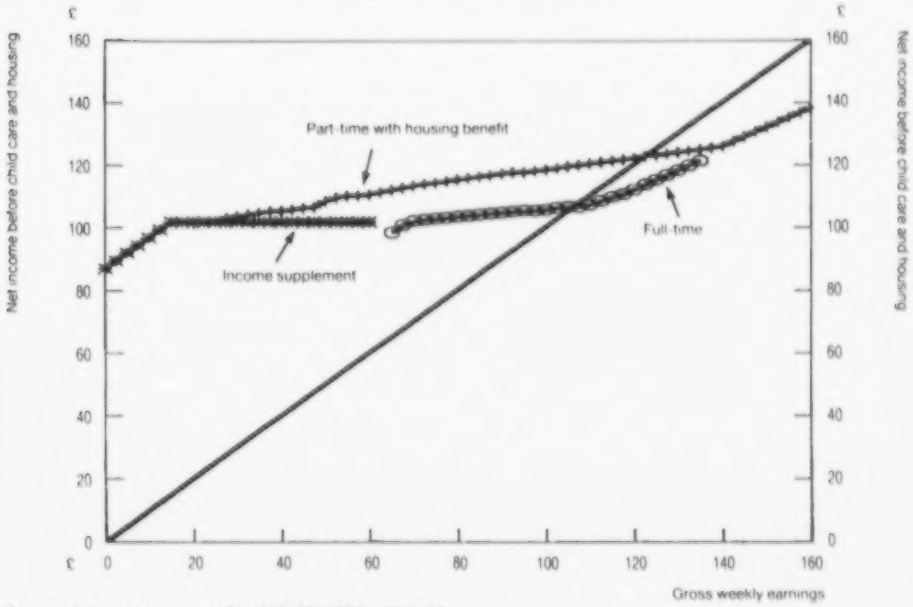
Married women's earnings cross the tax threshold not far above the National Insurance floor (£45 in 1986/1987) but a lone mother has the same personal tax allowance as a married man. Her earnings are not taxable until, if she earns regularly throughout the year, her weekly earnings pass £70 (figure for 1986/87 tax year, £73 in 1987/1988), and it is only her earnings above that level which are subject to tax at the standard rate, now 25 per cent (1988). This was 29 per cent in 1986, the tax year for which the benefit withdrawal example is worked out below. Because of their low incomes only a minority of lone parents reap the full value of this tax allowance.

Means-tested benefits to low-income families come in two broad categories: *i)* a benefit for families not in full-time work; *ii)* one for low-income families with earners in full-time work. Until April 1988, the first category of benefit was the Supplementary Benefit and the second, the Family Income Supplement (FIS). Thereafter, they now have been replaced by Income Support (IS) and Family Credit (FC), as a result of the 1985 Review of Social Security and the 1986 Social Security Act. Full-time work is defined, for lone parents only, as regularly working more than 24 hours per week. Among a number of sources of means-tested help for particular needs, the Housing Benefit (HB), formerly known as rent and rate rebates, can constitute a substantial source of help to low-income families with high housing costs.

If all these benefits are claimed, the combination of benefit withdrawal and taxation can involve marginal tax rates of over 100 per cent, that is, net income falls when gross

Chart 7.4(2). **NEW REGIME: INCOME SUPPLEMENT AND FAMILY CREDIT**

Lone parent with children age 3 and 7



Source Author's adaptation of TAXMOD, STICERD, LSE, 1987 version

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income rises, a phenomenon known as the "poverty trap". It is to be noted that take-up on the Family Income Supplement is low, a recent estimate being 48 per cent (DHSS, 1987, Table 48), but if it is claimed, the award lasts for a year regardless of any subsequent changes in gross earnings.

To illustrate the combined impact of taxes and benefits on net income, hypothetical "budget constraints" have been derived for an illustrative case and plotted in Charts 7.4. They are also reported in the first two columns of Table 7.2. These have been calculated on the basis of a simulation programme developed at the London School of Economics to investigate the interaction of taxes and benefits for simplified examples (Atkinson and Sutherland, 1985). In the hypothetical case taken, a lone parent is assumed to have two children, one under school age and another under ten, and housing costs consisting of

Table 7.2. **Net income possibilities at selected gross weekly earnings as per cent of net income at zero earnings from supplementary benefit for lone parent with two children**

	Net of housing costs		Net of child care and housing costs			
	OLD	NEW	OLD	OLD	NEW	NEW
Child care expenses?	No	No	Yes	Yes	Yes	Yes
Benefit for which child care expenses deductible			SB	SB + FIS	Neither	IS + FC
Gross earnings						
£0	100	95	100		95	95
£10	112	110	112		102	110
£20	118	116	118		102	116
£30	118	120	118		95	120
£40	118	122	118		87	122
Full-time						
£50	138	123	101	105	86	90
£60	148	129	103	107	85	92
£70	150	132	98	110	80	96
£80	152	135	100	115	83	104
£90	152	138	100	122	86	114
£100	148	140	96	122	88	120
£110	147	143	95	121	91	128
£120	140	146	88	118	94	130
£130	143	149	91	113	97	133
£140	148	151	96	111	99	136
£150	158	158	106	113	106	139
£160	167	167	115	115	115	143
£170	176	176	124	124	124	146
£180	185	185	133	133	133	148
£190	194	194	142	142	142	151
£200	204	204	152	152	152	154

Notes: The denominator of these rates is the long-term scale rate plus the imputed value of "passport" benefits. These ratios are not therefore strictly comparable with official estimates of the poverty line which are based on the ordinary rate and ignore benefits in kinds. Child care expenses are assumed to be 50 per cent of gross earnings subject to a maximum of £35, and the benefit and tax rates are those in force in October 1986.
OLD Benefit Regime : Supplementary Benefit when not employed full-time
Family Income Supplement if employed over 24 hours per week.
NEW Benefit Regime : Income support when not employed full-time
Family Credit when in full-time employment.
Source: Author's adaptation of TAXMOD, ST/ICERD, LSE, 1987 version.

£15 per week rent and £8 per week rates. Some of the features of the simulation will be sensitive to the value of these assumptions, for example the level of earnings at which it would be better to be treated as a full-timer rather than a claimant of the Supplementary Benefit and the level of earnings at which it would be better to be treated under the new regime rather than the old.

Where the net income schedules in Charts 7.4 are parallel to the 45 per cent line there is zero marginal taxation; where they are horizontal the marginal tax rate is 100 per cent. Where they slope down to the right, the marginal income reduction is over 100 per cent; an earner is said to be in the poverty trap facing financial penalties for increased earnings.

Consider first the structure of the net incomes available before allowing for work expenses. This simplification is reasonable for a lone parent who can rely on relatives for help with child care, or whose children are all of secondary school age or one whose pre-school child has, untypically, a free place in a public nursery.

Under the "Old Regime", if there are no earnings, this family receives a "net income" of £90.32 per week. This consists partly of income in kind, a "passport" entitlement to benefits such as free prescriptions and school meals, imputed at £4.74. Cash income consists of £18.80 from the non-means-tested Child and One Parent Benefit, topped up by £43.78 from the Supplementary Benefit (long-term rate), and £23 from the Housing Benefit. Part-time earnings, up to £20 subject to a tapered disregard, are allowed to raise net income by £12, but after £102 benefit is reduced by one pound for every pound of net earnings. Hence, there is no financial gain from taking a part-time job at £35 rather than one at £20. For an evaluation of the tapered earnings designed in 1980, see Weale *et al.*, (1984).

The chart also shows the net income available from earning £20 and upwards from at least 24 hours per week and claiming the Family Income Support Benefit and the Housing Benefit. Beyond £30 gross, on this example, this combination raises net income above the level obtainable from the combination of part-time employment and the Supplementary Benefit, but beyond £70 the poverty trap comes into play and net income actually falls over the next £40 or so. Gross earnings of £140 involve the same net gain as gross earnings of £70. This, as we have seen, is a range of the bulk (around 60 per cent) of female weekly earnings in full-time jobs. Beyond £130, entitlement to means-tested benefits is exhausted and marginal tax rates are only those associated with tax and national insurance contributions. This structure creates all sorts of anomalies. For example, it provides a very peculiar incentive for someone working 40 hours per week at £3.50 per hour to find a job for 24 hours per week at £2.92 per hour rather than £3.50 per hour. She would be a few pence better off financially, earning either £140 or £70 compared to £84. If she considered a job at £3.50 for 20 hours (£70 per week also) she would not be entitled to the Family Income Supplement and her hypothetical net income would drop by £19.50. For a manual worker capable of earning, say, £100 in full-time work and finding around £35 more in a part-time job, the full-time option brings in only £32 more (35 per cent) than not working at all. The part-time option brings in £12 (13 per cent), though she could do just as well earning only £20. Since the part-time employment may well be in the grey informal sector there is also an incentive here not to declare it while claiming the Supplementary Benefit. Net income then would be above that obtainable with a declared £100 per week full-time job supplemented by family income support and housing benefits.

The "New Regime" is illustrated as if it were in force during 1986/1987. It has many features different from the "Old" which will not be discussed here, such as the introduction of loans rather than grants for exceptional needs. Of interest in this context is the fact that the downward sloping segment of the net income schedule has disappeared (the Family Credit entitlement is based on net rather than gross earnings). The height of the whole

schedule has shifted down at the left, largely because of the abolition of the long-term rate on the benefit schedule – that is, the level up to which income would be made up. Housing Benefit entitlement runs out at lower levels of income, though entitlement to Family Credit runs further up the gross income scale than does the Family Income Supplement. The slight steepening of the overall slope of the functions might, in principle, be thought to improve work incentives, but the combined rates of tax and benefit withdrawal are still very often over 80 per cent, much higher than at the top of the earnings distribution. The net benefit from earning £100 weekly in a full-time job is still just under £32 and that from taking a part-time job at £35 is now £15, which reduces the officially permitted gain from moving from part-time to full-time work at this level of earnings. Neither of these possibilities appears financially worthwhile if it is necessary to incur expenditure, particularly on child care costs, in order to take such a job. These are considered in further detail below.

Practical Problems of Dynamics

Before proceeding to incorporate estimates of employment expenses into this simplified static model, it is worth saying a bit more about some real complications of getting off benefits. The example, like the system, is designed to deal with people who are regularly employed on a steady income. The jobs a lone parent is most likely to find in the 1980s, especially those which permit or require some flexibility and may be easier to fit in with parental responsibilities, are likely to involve an irregular and uncertain income stream. Married mothers, resuming employment after a long break, experience uncertainty and anxiety about whether a particular combination of job, travel and domestic arrangements will prove feasible. There are often false starts in the process. The lone mother who has been out of work and on benefits has added to these difficulties that of not being able to tell exactly how her benefit entitlement will emerge. The transition to part-time work involves surrendering the Supplemental Benefit Order book (with the weekly cash vouchers) while the Department of Health and Social Security (DHSS) recalculates what benefit is still due. In the current state of overload of some local offices, this process could take weeks. If the claimant takes full-time work, the Supplemental Benefit claim has to be terminated immediately. It would take a minimum of six weeks earnings to provide evidence with which to claim the Family Income Supplement (three months for the Family Credit), at a time during which earnings may be taxed at an emergency rate (the standard rate from the first pound) while the employee's tax allowances are being established and investigated. Because of the complexities of the system, information about how benefits will be adjusted is not easy to come by. A transition which eventually could lead to a higher net income stream may need short-term financing. A commercial banker would probably see such a project as rather a bad risk. The prospect of an interrupted cash flow to a parent on the breadline is likely to be a deterrent to change.

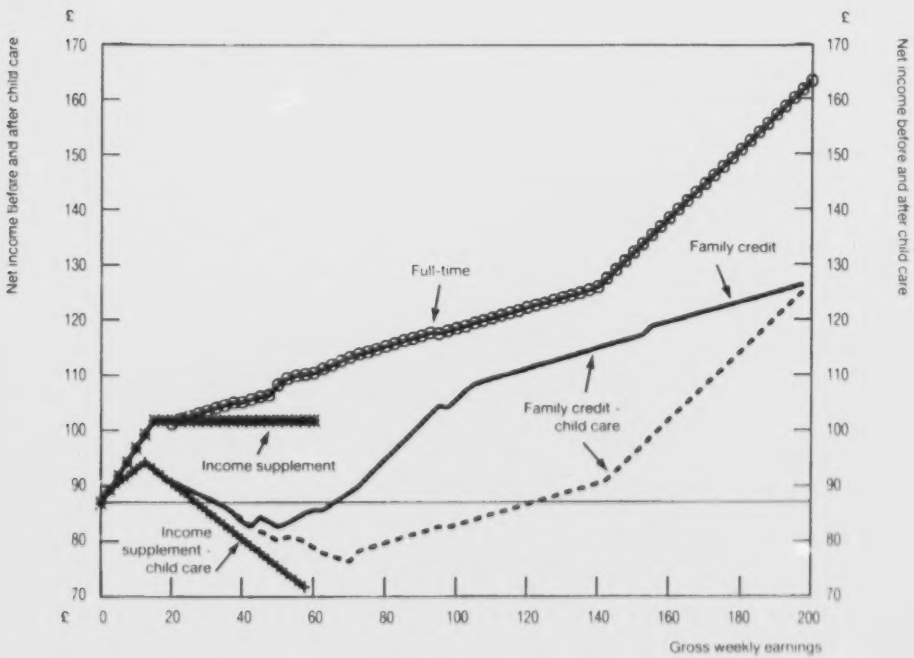
Allowing for Employment Expenses

We return to the simplified Net Income assumptions to discuss the impact of employment expenses on the financial advantages, or otherwise, of replacing benefits of earnings. The example is still simplified because it takes into account only child care expenses and not items such as clothing, travel to work, and so on. It also abstracts from the extra expenditure a parent may make on goods and services other than day care to facilitate combining parental and bread-winner roles.

Chart 7.5 plots net income before and after child care costs in the new Income Supplement/Family Credit Regime had it been in force in 1986/1987. The additional assumption over those already listed above is that child care costs are half gross earnings subject to a maximum level of £35, an amount within the level then recommended by the National Association of Child Minders – a minimum of £27 per week for a pre-school child plus 90 pence per hour for a school-age child out of school hours. This is by no means the most expensive way of buying child care (a trained nannie's gross weekly wage would itself exceed £100), but it would be the one most frequently resorted to by a lone mother, provided she could find the right person.

The calculation of the financial gain from working under these circumstances depends on whether the child care costs are allowable against the benefit. If child care costs are not deductible, the Net Income schedule is lowered by the exact amount of the child care costs incurred. These schedules appear as the lower lines in Chart 7.5. The top two lines repeat the schedules plotted in Chart 7.4(2), representing Net Income when child care costs are zero. The horizontal axis has been extended to run up to £200 per week and the vertical axis has been shortend to run only from £70 to £170. The intermediate line of x's shows the Net Income Schedule on the assumption that child-care costs become an allowable expense in the calculation of Family Credit. If this is not the case, the lower lines on Chart 7.5 show a

Chart 7.5. **CHILD CARE COSTS IN NEW REGIME**
Lone parent with children age 3 and 7



Source Author's adaptation of TAXMOD, ST/ICERD, LSE, 1987 version

wide range of earnings where it would be financially detrimental to take a job rather than stay at home. With the exception of some very low levels of part-time earnings on Income Support, there is no fundamental gain from employment unless the job offers more than £125 per week. This range of earnings accounts for the lower half of the full-time female earnings distribution, in other words, the woman would have to be at least in the top half of the potential wage distribution to gain any cash at all from paid work, and in the top quintile to cross the threshold of 140 per cent of the (long-term) Supplementary Benefit scale.

With child care expenses allowable, the range of wages that would be absolutely unacceptable shrinks dramatically to between £35 and £65, which accounts for only about 1 per cent of full-time wages, but still accounts for the bulk of part-time jobs over the National Insurance floor. At £120 gross per week, net income would be £117, representing 130 per cent of the 1981 Supplementary Benefit level or a gain of £31 over the cash available on the no job alternative with Income Support. This is roughly equivalent to the net benefit of a job at £100 per week for someone with no child care expenses. In the case where there are child care costs, £100 per week would bring in a net gain over non-employment of £22.50. Women in the bottom half of the potential earnings distribution would still tend to see the full-time employment as fairly unrewarding, but at least such a change would open up the full-time options for substantial numbers of lone mothers. Part-time work in the region of £40 to £60 is still not a viable option. It is a poor reflection on the level of women's wages that, to be clear of entitlement to means-tested benefits under this amended schedule, a woman would have to earn above a man's average income, a feat currently attained by only about one in ten of the female labour force.

Policies to Increase the Options

As shown above, making child care expenses allowable in the calculation of means-tested benefits could be a tremendous help towards making full-time employment a viable option. One way to make part-time employment a worthwhile possibility would be to have a larger maximum payment on Family Credits and a lower minimum hours condition. A more liberal treatment of maintenance would help some divorced and separated mothers. It would also be helpful if there were no unemployment registration condition for Training and Enterprise Allowances. Another suggestion is to make child care expenses deductible from income tax. An enhanced level of the One Parent Benefit would be another way of recognising these expenses and reducing the high marginal taxation, for it would be paid regardless of gross income, and so would not be withdrawn as earnings rise. Increased Child Benefits, available to one- and two-parent families alike, would also have this feature, but would cost the Exchequer a lot more.

All these possibilities have some drawbacks which will need to be discussed. Making child care expenses allowable against income tax would benefit higher earners more than those lone parents whose earnings were below or close to the tax threshold or who were also drawing Family Credit benefits. Bringing actual child care expenditure into the calculation of either tax or benefit schemes involves administrative problems and, for the claimant, requires the production of documentary evidence of the expenditure and a third-party decision on how much expenditure is reasonable. Child-minders operating in the grey economy may not want the tax or benefit authorities to know about their earnings. On the other hand, if parents could afford to pay minders enough to bring them into National Insurance coverage, the minders, many of whom are themselves lone parents, would gain

economic security. It could also be argued that allowances for those who incur child care expenses are not fair on those who do not. The recognition of child care as a work expense has a symbolic value. It legitimizes the combining of the roles of carer and provider in both lone- and two-parent families.

An improved universal benefit on the lines of the Widowed Mother's Allowance was recommended by the Finer Commission and has repeatedly been advocated by the National Council of One Parent Families (Finer, 1974; National Council of One Parent Families, 1984 and 1985; Dodgeon, 1986). It would have the merit of administrative simplicity; take-up is likely to be high; it would ease the poverty trap; it is better adapted to irregular earning patterns than negative or positive taxation. Furthermore, despite being a universal benefit, it would be fairly highly "targeted" on a disadvantaged group, not much would be wasted on rich families, and the cost to the Exchequer could be kept low with a highly effective result. Even this measure is not a total panacea. There would still be administrative problems in identifying eligible recipients, especially at times of transition in and out of one parenthood when the stresses and need for help may be greatest. There is also the possibility that a sufficiently generous benefit might increase the flows into lone parenthood or slow down the outflows. This may or may not be thought of as a problem. Enhanced Child Benefit for all would cost a lot, but would help redress the economic handicaps facing women that see the light of day when they become lone parents.

CONCLUSION

It is easier to identify obstacles than to point to employment opportunities for the lone mother. She appears to be trapped into poverty by the interaction of institutions and attitudes which are poorly adapted to people combining the roles of the carer and provider.

Unless three spheres – child care, employment and transfer payments – are co-ordinated and tackled simultaneously, there seems little immediate prospect of many lone mothers breaking out of dependence on government benefits by their own efforts in the labour market. There may be still more hope for them in the marriage market. This could itself respond favourably to improvements in earning opportunities for women as well as men. A range of measures has been recommended in the conclusions to the foregoing sections, which recognise and support parents, single or otherwise, combining family care with bread-winning. They would also give women more of a real choice of economic independence.

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Chapter 8

LABOUR FORCE PARTICIPATION AND EARNINGS OF LONE PARENTS: A SWEDISH CASE STUDY INCLUDING COMPARISONS WITH GERMANY

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INTRODUCTION

The economic circumstances of lone parents are related to their earnings potential, which, in turn, may be related to the organisation of national welfare. In Sweden, about 13 per cent of families with children are headed by a lone parent; in Germany, the prevalence of lone-parent families is only slightly below that of Sweden (12 per cent). There are, nevertheless, significant differences in the comparative institutional environments and in female employment levels and earnings. This chapter focuses on the labour force behaviour and earnings of lone mothers in Sweden, who constitute about 85 per cent of lone-parent family heads, and compares it with patterns of other groups within Sweden and with similar groups in Germany.

The first section introduces the trends in demographic indicators and in the labour force participation of lone mothers and women in general in both countries. The second section notes briefly the cost of labour force interruptions, while the third and fourth sections address selected factors that prevail in Sweden and Germany and that, in part, help to explain the differences in work behaviour and earnings of lone mothers in the two countries. A fifth section indicates the relevant current policies under discussion in Sweden. Two appendices provide further details on the income and living standards of lone parents and public sources of support.

The Prevalence of Lone Parenthood in Sweden

The incidence of lone parenthood in Sweden should be seen within the general context of patterns of family formation and fertility. Marriage rates have decreased from 6.6 per thousand population in 1968 to 4.4 in 1984 and divorce rates have increased from 5.9 per

thousand in 1968 to 12.0 in 1984. One of the most striking trends has been the rise in unmarried cohabitation (see Hoem and Rennermalm, 1985) and the large increase in non-marital fertility from 11.2 per cent of births in 1960 to 44.6 per cent in 1984, which has taken place mainly in consensual unions. In the discussion that follows three household types are distinguished: lone parent, step family, and nuclear families. The latter two categories include couples who may be legally married or living in consensual unions. In the step family, the parent lives with somebody who is not the other biological parent of the child.

Information about lone-parent families in Sweden is derived largely from a Swedish government study undertaken in 1980 (SOU 1983:51) and a sample survey of about 3 000 interviews carried out in conjunction with it (Holmström et al., 1981). The findings on the distribution of households and children in 1980 are shown in Table 8.1.

Table 8.1. **Households and children under 18 by family type, 1980**

Type of family	Households		Children	
	Number	%	Number	%
Lone parent	200 000	18	280 000	15
Step family	120 000	11	170 000	9
Nuclear	780 000	71	1 370 000	75
Total	1 100 000	100	1 820 000	100

Source: *SOU* (Government Reports of Sweden) 1983:51, Table 2.1.

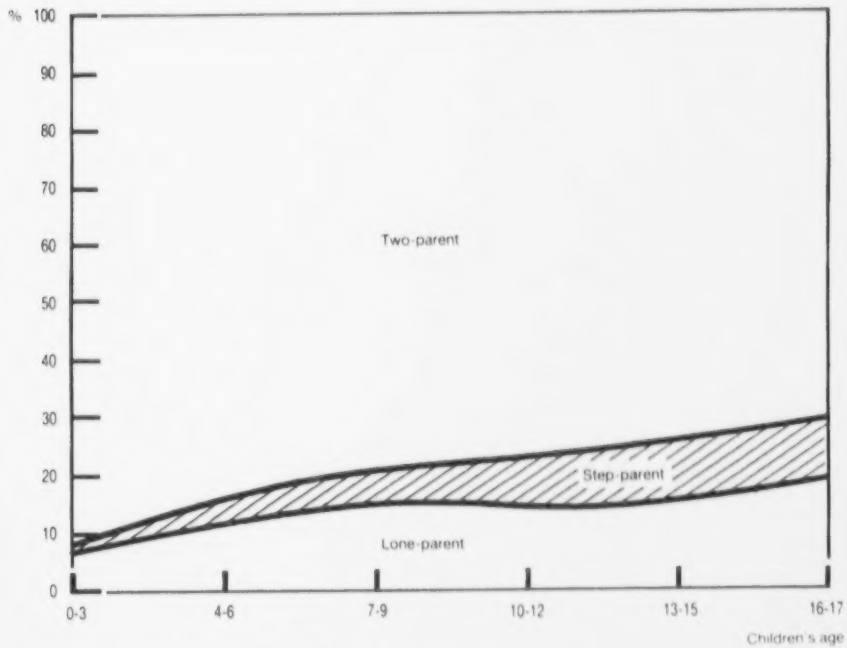
In 1984 a separate investigation was conducted by Statistics Sweden, the preliminary results of which suggest that a higher percentage of children now lives in nuclear families than in 1980 (78.2 per cent as against 71 per cent). There are marked rural-urban differences in Sweden. The 1984 Swedish survey on family composition shows that lone-parent and step families are a predominantly urban phenomenon. Another difference is that lone-parent households have fewer children than nuclear or step families: in the former 64 per cent have one child, whereas in the latter only 41 per cent have one child (Table 8.2). Lone-parent families also have older children. Chart 8.1 shows the distribution of children over the three family categories according to age. The proportion of children living in a nuclear family decreases and the other two categories increase for older children. Further information on the situation of lone parents and the provisions made for them can be found in Annexes 8.1 and 8.2.

Table 8.2. **Distribution of household types by number of children in Sweden, 1980**

Number of children	Percentage	
	Lone-parent	Two-parent
1	64	41
2	30	43
3+	6	16

Source: *SOU* 1983:51, Table 2.2.

Chart 8.1. **DISTRIBUTION OF CHILDREN BY HOUSEHOLD TYPE, 1984**



Source *Välfärdsbulletinen* (Welfare Bulletin), No. 1, 1987, Statistics Sweden.

Table 8.3. **Distribution of family types : Sweden and Germany**

Type of family	Sweden 1984		Germany 1982	
	Number (thousands)	%	Number (thousands)	%
Nuclear	1 447	78.2	7 240	88.6
Single-parent		12.7		11.4
of which headed by :				
Mother	200	10.8	782	9.6
Father	35	1.9	145	1.8
Step	168	9.1	n.a.	n.a.

Sources : Sweden : *Välfärdsbulletinen* (Welfare Bulletin) No. 1, 1987, Statistics Sweden.
Germany : Results of the Microcensus, Population at Family Residence.

It should be noted that the situation in Germany is somewhat different. There are greater economic incentives for couples to marry (see Gustafsson and Ott, 1987) so that, although marriage rates are falling and divorce rates are rising as well, far fewer births occur outside marriage than in Sweden (9.1 per cent compared with 44.6 per cent). Nevertheless, the proportion of lone-parent households was only a little below that in Sweden (11.4 per cent as against 12.7 per cent in Sweden in 1984); no breakdown is available on step families in Germany and all married couples (88.6 per cent of all families) are therefore classed as nuclear families (Table 8.3).

Labour Force Participation and Hours of Work

The gainful employment of both married and unmarried women is substantially higher in Sweden than in Germany (see Tables 8.4 and 8.5). Whereas slightly more than half of German women participate in the labour force, the figure is close to 80 per cent for Swedish women. Furthermore, a very high proportion of women with children are gainfully employed in Sweden. In Sweden today a larger proportion of married than of unmarried women are in the labour force: similarly, a larger proportion of married women with children below the age of seven than of all married women, with or without children, are labour force participants as can be seen in Tables 8.4 and 8.5. The reason why we observe an overall higher employment rate for married women as opposed to unmarried women, and for women with children as opposed to women without children, is age related: the majority of women who are economically inactive are over the age of 50; the apparent anomaly disappears when age-standardised figures are examined (see Gustafsson and Jacobson, 1985). Thus, the presence of young children, for women with equivalent wage prospects and husband's income, remains an important barrier to labour force activity.

In Table 8.6, the labour force status of lone mothers is compared to that of other mothers in Sweden: in 1980, 87 per cent of lone mothers were labour force participants compared to 76 per cent of the mothers of nuclear families and 79 per cent of those in step-families. The difference between groups was larger in Germany, where about 57.1 per cent of lone mothers with children under 16 were labour force participants in 1985 in contrast to 40.9 per cent of all mothers with children of the same age (Neubauer, 1988). In the same year, labour force participation rate of all mothers in Sweden was 78 per cent compared to

Table 8.4. **Labour force participation in Germany and Sweden**

	Germany				Sweden			
	Men	Women aged 16-64			Men	Women aged 16-64		
		All	Unmarried	Married		All	Unmarried	Married
1960	91.0	47.4	81.7	34.9				
1965	90.2	46.9	76.9	36.9	89.3	53.8	67.2	47.2
1970	88.5	46.2	68.9	40.0	87.0	59.3	65.9	56.1
1975	86.0	48.2	62.7	43.9	88.3	67.9	70.8	66.2
1980	84.4	50.2	60.6	46.8	87.7	75.1	74.4	75.6
1984	81.4	51.7	58.8	47.5	85.6	78.2	75.0	80.9
1985					86.0	79.2	76.0	82.0

Sources: Statistics Sweden. AKU Årsmedeltal (Swedish Labour Force Surveys), yearly.
Germany, *Statistical Yearbook*, various years; results from microcensus, and *1983/84 EEC Labour Market Survey*.

Table 8.5. **Labour force participation of women with children in Sweden and Germany**

	Germany			Sweden	
	All women with children Age 0-15	Married women with children Age 0-15	Age 0-6	All women with children Age 0-16	Married women with children Age 0-6
1970	35.4	33.8		57.6	47.5
1971	36.2	34.7		60.2	50.1
1972	38.7	37.0	32.5	61.5	52.1
1973	40.2	38.5	33.9	62.4	52.2
1974	40.2	38.6	33.6	65.5	55.3
1975	39.9	38.3	32.9	69.0	58.8
1976	40.0	38.4	32.9	70.4	61.2
1977	40.6	39.1	33.6	73.1	64.4
1978	40.4	38.9	33.4	75.5	67.2
1979	41.0	39.4	33.8	78.0	70.3
1980	42.3	40.6	35.1	80.5	73.7
1981	42.6	41.0	35.6	83.1	77.6
1982	42.6	41.1	35.7	83.9	79.6
1983				81.8	81.3
1984				82.9	82.2
1985				84.0	84.2
1986				85.6	84.6

Sources: AKU Årsmedeltal (Swedish Labour Force Surveys) yearly.
Population and Occupation, Series No.3, Households and Families, Federal Statistical Office of Germany.

84 per cent of all women with children under 16 years of age (see Tables 8.5 and 8.6). Fewer Swedish lone mothers are full-time home-makers (2 per cent) than mothers of nuclear families (18 per cent). Lone mothers also tend to work longer hours: 34.6 hours per week as opposed to 26.9 hours for mothers of nuclear families. They also spend more time commuting than mothers of nuclear families: five hours per week as opposed to 3.6 hours. Table 8.7 examines the working hours of lone parents as compared to couples and shows

Table 8.6. **Labour force status of mother by family type in Sweden, 1980**

Per cent

	Lone	Nuclear	Step	Total
Labour force participant	87	76	79	78
Unemployed	2	1	1	1
Full-time home-maker	2	18	11	16
Student	7	3	6	4
Other	3	2	4	2
Hours of work per week	34.6	26.9	33.2	29.1
Commuting time (hours per week)	5.0	3.6	4.3	3.7

Source: Holmström *et al.*, 1981.

Table 8.7. **Employment status by family type, number of children and hours worked in Sweden, 1980**

Per cent

	Number of children			
	1	2	3+	Total
Lone parent				
Hours worked:				
Full-time	50	36	–	44
Part-time, more than 20 hrs per week	29	31	–	27
Other	22	34	47	30
Two parents				
Hours worked:				
Both full-time	23	16	15	18
Full-time plus more than 20 hrs per week	35	36	22	33
Other	43	48	64	48

Source: HINK 1980, Statistics Sweden.

that 50 per cent of the lone parents with one child work full-time, while in two-parent households with one child, 23 per cent have both parents working full-time. The conclusion from these comparisons is that lone parents are able to spend less time with their children than parents who live together.

Similar to the pattern in Sweden, German lone mothers work more hours per week on average than do married mothers: 34.7 hours compared to 31.7 hours, respectively (Neubauer, 1988). However, German lone mothers who are employed work longer hours than their Swedish counterparts. As many as 65 per cent of them work full-time, compared to 50 per cent of Swedish lone mothers, despite the fact that the standard working week is longer – 40 hours in Germany as against 35 hours in Sweden. Of German lone mothers who work, 18 per cent do so more than half-time (that is, more than 20 hours per week) compared to 34 per cent of Swedish single mothers. Part-time jobs of less than 20 hours per week are held by approximately the same proportion of lone mothers in both countries. Differences in the choices of work hours by married women can be explained in part, by differences in the taxation laws and female to male earnings ratios (see Gustafsson and Ott, 1987). In addition, Swedish mothers have the right to reduce their working day to 6 hours without losing their jobs until their children are 8 years old.

ESTIMATES OF LONG-RUN COSTS OF LABOUR FORCE INTERRUPTIONS

A great deal of research from many countries following Mincer and Polachek (1974) consistently suggests that labour force interruptions have long-term effects on earnings. Other investigations show different magnitudes, but all known analyses show that a loss occurs. In Table 8.8 the results of three studies are indicated, all using the Mincer and Polachek (1974) earnings function specification, which explicitly measures years of time

Table 8.8. **Estimates of long-run costs of labour force interruption in Sweden, France and Germany**

	Regression coefficients, female earnings			
	s[d]	h[e]	e[f]	e^2
Sweden 1974[a]	0.060	0.021	0.060	-0.001
France 1977[b]	0.101	-0.028	0.053	-0.001
Germany 1984[c]	0.071	-0.017	0.032	-0.001
	Predicted wage components			
	Sweden		France	Germany
e=15	0.675		0.570	0.255
e=5, h=10	0.485[g]		-0.040	-0.235
Difference: (equals loss from ten years of labour force interruption)	0.19		0.61	0.49

Notes and Sources:
a) Gustafsson (1981).
b) Riboud (1985).
c) Schasse (1986).
d) s = years of schooling.
e) h = home/not in the labour force.
f) Employed.
g) In Sweden, unlike in other countries, the variables including years spent at home do not carry a negative coefficient but, of course, there is still a loss of future earnings attributable to the difference between working for the full period as opposed to spending some years out of the labour force.

spent at home and at work. The results of these studies are used to calculate the loss in predicted earnings capacity upon the return to work after a labour force interruption of ten years duration. For Sweden, the data consist of full-time salaried employees in private industry aged 16-64; for France, married women; for Germany, both married and unmarried women. Regressions include all age groups.

If a woman does not work because she cannot find satisfactory child care, then the results have implications for the cost-benefit analysis of child care. (see Gustafsson, 1978, for further details). For lone mothers, the absence of adequate child care is often a reason that prevents them from working to support themselves and their families. If the amount of lost income exceeds the total cost of supplying child care, then government intervention could be socially effective.

THE COSTS AND BENEFITS OF WORKING

Access to Employment

One of the goals of Swedish employment policies is to promote equality between men and women in the labour market. Barriers to women's employment have gradually been

eliminated, starting in the mid-nineteenth century, and now there are no legal limitations on the occupations open to women, apart from certain military positions.

Nevertheless, it is discouraging to note that Sweden's labour force is still highly segregated by sex. Computed on 270 different occupations, 70 per cent of all women would have to change occupations with men in order for the occupational distributions to be sex-neutral (see Jonung, 1984). Of the 2 341 managing directors mentioned in an industry directory, only 28 were women. The situation in the public sector is similar. In spite of the fact that women make up 60 per cent of school teachers, only 14 per cent are principals. Even though there have been strong pressures for equality, there is still a long way to go before women are equal to men in the labour market and in society generally.

Male/Female Earnings and Differentials

One factor that influences the opportunities for a lone mother to support herself and her family on her own earnings is, in fact, the disparity between male and female wages. Historically, all Western societies have held strong paternalistic views that have governed wage relations. In Sweden, this view used to be explicit in the salaries policy for civil servants, which clearly distinguished between the wages of a provider (that is, a man) and those of a woman. Until 1965, the bargaining agreements between the Swedish Labour Union (LO) and the Employers Confederation (SAF) also fixed lower wages for women. However, during the past 20 years all explicit discrimination has been eliminated. The remaining wage differentials are now accounted for by different wages for different occupations rather than by different wages for the same job. The solidarity wages policy of the LO of the past 20 years has led to a relative increase in all low wages and has greatly benefited women.

Although wage differentials between men and women have decreased in both Sweden and Germany, but the decrease has been much sharper in Sweden than in Germany (Table 8.9). By 1985 in Sweden, the hourly wage of a female blue-collar worker was 89.7 per cent of that of a male blue-collar worker. A female white-collar worker earned on average, 72.4 per cent of what a male white-collar worker earned if they both worked full time. However, since 1982 the differentials have been widening again for both blue-and white-collar workers. In Germany, on the other hand, these ratios have scarcely improved over the past ten years.

However, the female to male earnings ratios, standardised for education and work experience, are lower in Germany than in Sweden. Schasse (1986) reports a standardized ratio of between 73 and 79 per cent for Germany; Gustafsson (1981) computes a remaining

Table 8.9. **Female wages as a per cent of male wages by occupational status**

	Germany		Sweden	
	Blue collar	White collar	Blue collar	White collar
1965	67.5	58.9	74.9	53.2
1970	68.6	59.9	80.0	58.6
1975	72.3	63.6	84.8	67.2
1980	72.4	64.4	89.8	71.4
1985	72.8	63.7	89.7	72.4

Sources: *Statistical Yearbook of Germany*, various years.
SOS Wages, Part 1 and Part 2, *Statistics Sweden*.

standardized wage ratio of full-time, white-collar workers in the private sector to be 80-84 per cent for Sweden. Another data set for Sweden, covering a sample of the whole labour market, shows standardized ratios of 82-84 per cent for 1981. The implication of these findings is that sex discrimination in wages is, perhaps, slightly greater in Germany than in Sweden.

The Tax System and Earnings

In many respects, the Swedish tax system encourages women to work. Incomes are taxed separately, at highly progressive rates, with no attempt to take account of total household income or family size. Couples who live on one earned income are treated unfavourably: minimum taxation is incurred when each partner earns exactly half of the total income and the maximum tax applies when only one partner earns the whole income (see Gustafsson and Ott, 1987). A lone mother is taxed like any other single person, except for a small allowance of SKr 1 800 per year *(skattereduktion)* granted only to lone parent households. Prior to 1986 there was also a deduction for the parent with the lower income if he or she had a child younger than 17 in the household *(förvärvsavdraget)*. Otherwise there are no tax deductions for children. The German system, by contrast, assumes that a woman will stay at home to take care of her children and that the man will be the family provider. Accordingly, there are tax preferences for dependent family members. Spouses' incomes are taxed jointly and, in combination with tax preferences for dependents, this results in taxes that are much lower than those on a single person with the same income. A man whose wife does not work thus receives a considerable tax rebate. If he earns DM 7 000 per month, his gain from marriage is as high as DM 907 per month (see Gustafsson and Ott, 1987, for further details). Since 1986, a single mother in Germany is treated the same way as a married couple by the tax system in that she receives a double household deduction *(Haushaltsfreibetrag)* rather than merely that for a single person.

In Germany allowances against tax for each child were increased substantially in 1986 from DM 432 to DM 2 484 per year. The regulations on deducting child-care costs again show that German social policy-makers view a family as consisting of a home-making wife and a husband: lone mothers may receive an allowance against tax for child-care costs of DM 4 000 per year if they work, but couples can make this deduction only if a parent is sick or an invalid, on the condition that the other parent works. Since much of the German support for lone mothers is in the form of tax deductions, it would seem logical to assume that this provides an incentive for them to work.

Table 8.10 shows the earnings and tax conditions of a lone mother working full-time in the private sector in the two countries. The German lone mother would be taxed about 10 per cent whereas the Swedish single mother would pay approximately 35 per cent of her income. The net outcome, however, is more advantageous to the Swedish blue-collar worker than the German, but better for the German white-collar worker than her Swedish counterpart. For the most part, this result is attributable to a smaller wage differential between blue-collar and white-collar workers and a more generous level of child benefits in Sweden. Moreover, in addition to their income after tax, 80 per cent of Swedish lone mothers receive a housing subsidy that covers 40 per cent of their rent. They get a subsidised place at a child-care centre for which they pay 57 per cent of what parents living together pay (Table 8.11), and they receive child support either from the child's father or, if he fails to pay, from the State. However, it is not possible to obtain a complete and clear picture of the relative income positions without more details of the social support systems in both countries. For example, only 2 per cent of Swedish lone mothers are full-time home-makers

Table 8.10. **Pre- and post-tax monthly earnings for a single mother with one child, working full-time, 1984**

	Germany		Sweden
	DM	SKr[1]	SKr
Blue-collar worker[2]			
Before-tax earning	2 064		8 538
Minus taxes	-200		-2 990
After-tax income	1 864		5 548
Plus child benefit	+50		+400
Net monthly income	1 914	= 5 539	5 948
White-collar worker			
Before-tax earning	2 544		8 120
Minus taxes	-298		-2 774
After-tax income	2 246		5 346
Plus child benefit	+50		+400
Net monthly income	2 296	= 6 645	5 746

1. 100 SKr = 34.55DM, according to German official purchasing power parity in 1984.
2. The blue-collar wage per hour in private industry in Germany in 1984 was 12.00DM; in Sweden, 49.64 SKr. A 40-hour week and 4.3 weeks in a month is assumed in both countries.

Sources: Germany: *Allgemeine Lohnsteuertabelle* (General Wage-Tax Table), Col. II, with one child.
Sweden: *Preliminärskattetabell* (Preliminary Tax Table), Column 4.

Table 8.11. **Average costs of different types of child care for lone parents and cohabiting couples with one child**

	Average cost (SKr per month)		
	Lone parent	Nuclear family	Step family
Community subsidised centre or mother	274	483	319
Community after school care	203	359	
Private child care	507	482	
Relatives or friends	426	356	
Average	289	463	319

Source: Holmström *et al.*, 1981.

(Table 8.6), but as many as 40 per cent of German lone mothers are outside the labour force, though it is not clear whether they are full-time home-makers, students or unemployed.

Maternity Leave and Income Compensation

Maternity and paternity leave in Sweden is based on the principle of income compensation, which makes it important to have an income in the first place. A woman who has a

child directly after leaving school or while still a student has no income to be compensated. Unless the mother finds a job shortly after the birth, her opportunity to share the parental leave with the father is also lost. Likewise, it is also important to have a job before the birth of another child. Swedish women must always think: "job first and child next".

Swedish parental leave compensates for about 90 per cent of lost income and is paid by the national health insurance system. The total period covered is 9 months with full income compensation and another three months with a lower per diem compensation. The legal leave from a job is 1.5 years, that is, a parent has the right to return to her or his job within that period.

Germany also allows parental leave with income compensation, but the State pays only DM 600 per month for the first six months and the rest must be paid by the employer. The parent has a job guarantee during parental leave for ten months. This makes female employment more costly to the employer since it is generally women rather than men who take parental leave[1].

Child-Care Availability and Costs

Lone parents in Sweden are charged lower rates for places in public child-care centres (SKr 274 per month as against SKr 483 for children from nuclear families). According to the 1980 Survey, average child-care costs for the different household types were as in Table 8.11.

AIDS AND BARRIERS TO INCREASED EARNINGS

Access to Education and Training

As a response to the situation of excess demand for labour in Sweden in the 1960s and 1970s, much of which was satisfied by immigration, the National Labour Market Board (AMS: *arbetsmarknadsstyrelsen*) encouraged married women to enter the labour force and urged enterprises to employ women. In 1977, a programme called "Equality in the Labour Market. A Task for the Labour Market Authorities" was accepted by the AMS. One element of this policy concerns training: women who enter or re-enter the labour market are given a basic course describing the market structure and providing information about what different types of professional education and training are available. As part of the active labour-market policies in Sweden, the employment authorities offer labour market training for unemployed persons or those at risk of unemployment. There are courses in skills related to male-dominated as well as female-dominated occupations. Employment officials also try to help the individual participants to choose a job in a less sexually stereotyped manner.

Organisation of the School Day

In Germany, the school day ends at noon or 1.00 p.m. with no school lunch provided. The Swedish educational system is organised so as to make it easier for women with school-age children to work. All children are served a free cooked meal at mid-day; classes do not

end until 4.00 p.m., and there is very little homework, the idea being that children should be able to do the necessary work at school. However, the introduction of a free school lunch preceded the increase in female employment, the intention being to provide equal opportunities for poor and wealthier school children alike. In recent times, the child-care needs of working parents have led to what is called the "congenial" school day, that is, school starting and ending at the same time every day for younger school children.

POLICY ISSUES

The Government committee on lone parents recommended substantial reforms to the system of child-support payments (SOU 1983:51). It argued that today's system – with its many regulations based on the economic situation and individual financial surplus over needs of the two parents is very costly and that each parent should pay half the needs of each child. It also recommended a reform of the administration of the child support system whereby not only would the State provide child-support payments and the National health insurance system continue to handle demands against support-payers, but the State would also determine the amount of the child support. It further suggested a redistribution of benefits within the system of child support by removal of the income tax deduction available previously to all parents with at least one child. Instead they propose to introduce an extra 50 per cent child benefit for lone parents, and higher child support payments for teenagers. The general idea is that adults must provide both for themselves and their children. As a consequence, no allowance for support of a new wife would be made in the assessment of the father's economic capability. This proposal was controversial and gave rise to debate. Critics pointed out that it is not fair to assume sexual equality in a society in which women who work full-time still earn less than 80 per cent of what men earn, often because of child-care responsibilities, which are not shared by men. Therefore, women often cannot work full-time and, hence have smaller incomes[2]. The only recommendation that had been carried out by September 1987, was that of redistributions within the system. There has been no government proposal to change the basis for calculation of child support or the administration of the child support system.

Annex 8.1

INCOME AND LIVING STANDARDS OF LONE PARENTS IN SWEDEN

Table 8.A.1 shows the distribution of lone-parent and two-parent households according to the numbers of children and whether or not families have a low income. Three measures of low income are used: *i)* below subsistence level; *ii)* at risk; *iii)* hard pressed. Subsistence level is defined in the tax rules and does not take into account the age of the child and the costs of child care; "at risk" is defined as SKr 4 000 above subsistence level per consumption unit per year; "hard pressed" is defined as an additional SKr 4 000 per consumption unit per year. Lone-parent households are over-represented in the groups who have economic difficulties: 21.4 per cent of lone parent households with one child belong to one of the three groups with economic difficulties, whereas this is the case for only 6.4 per cent of households where the parents live together. The case is similar for households with two children. The rest of the families do not have serious financial problems. A noteable observation, however, is that families who have more children than the average are over-represented among the poor, including both lone-parent and two-parent types.

Table 8.A.1. **Households distributed by disposable income category and number of children, in Sweden, 1979**

	Disposable income category (Percentage)				Number of households
	Below subsistence	At risk	Hard pressed	Other	
Number of children					
One child					
Lone-parent	3.8	3.0	14.6	78.6	106
Two-parent	2.0	1.5	2.9	93.7	357
Two children					
Lone-parent	8.4	2.9	13.2	75.5	38
Two-parent	2.6	7.0	6.2	84.2	394
Three children					
Lone-parent	–	–	–	–	–
Two-parent	11.5	12.6	12.4	63.5	100

Source: *SOU* 1983:51.

Incomes

Table 8.A.2 investigates the relative incomes of lone parents and two-parent households in Sweden in 1979. Incomes are measured by number of "consumption units" a measure used by the authorities to calculate the needs of adults and children for welfare payments of various kinds[1]. The

Table 8.A.2. **Disposable income[1] in lone-parent compared with two-parent households, by hours worked, family size, and age of youngest child, Sweden, 1979**

	Number of children			Age of youngest child	
	1	2	3+	Under 7 years	7-10 years
Lone parents/full-time	87	94	—	85	94
Two parents/both full-time	100	100	100	100	100
Lone parents/more than 20 hrs per week but less than full-time	79	81	—	78	83
Two parents/one full-time and one more than 20 hrs per week but less than full-time	100	100	100	100	100
Lone parents/other	81	72	86	74	82
Two parents/other	100	100	100	100	100
Lone parents/all	89	87	83	87	93
Two parents/all	100	100	100	100	100

1. Disposable income is measured in "consumption units" (cf. note 3 in the text).
Source: *SOU* 1983:51.

Table 8.A.3. **Some measures of level of living standard for lone-parent and two-parent households in Sweden, 1979**

	Lone parent	Nuclear family	Step family	Total
Before tax monthly income of mother (SKr)	5 117	3 601	4 486	3 909
Taxable annual income of mother (thousands)	53.3	38.3	47.5	41.5
Taxable income per household member (thousands)	32.6	38.6	42.1	38.1
Lives in owner-occupied house	31	79	58	71
Owns a car	61	83	69	79
Owns a second house	6	23	18	21
Owns a colour TV	89	89	89	89
Can get 5 000 SKr in a week	61	82	72	79
No vacation due to lack of money	67	33	41	39
Proportion who increased work hours within the past five years because of insufficient funds	45	14	13	18
Received social welfare during the past year	12	1	7	3
Proportion of mothers not working because they wanted to spend time at home with children	6	68	37	60
Proportion who decreased their work hours because of children and family	49	63	68	62

Source: Holmström *et al.*, 1981.

results indicate that there is less difference in the living standard between lone-parent households and others with children if the lone parent works full-time. In this case, disposable income of the lone-parent household is in the range of 87 per cent to 94 per cent, depending upon the number of children. The greatest difference in living standards occur for those households where the lone parent works less than 20 hours per week; in this case, disposable income per consumption unit ranges from 72 per cent to 86 per cent of that of two-parent households.

Table 8.A.3 gives some summary measures of the standard of living in lone parent households compared to step-and nuclear families taken from the 1980 survey (Holmström *et al.*, 1981). The figures show that the overall economic situation of lone mothers is more difficult than that of parents living together. Although the monthly earnings and taxable income of lone mothers are higher than those of mothers of nuclear families – usually because lone mothers work longer hours – other measures show that lone-parent households are worse off. The proportion of lone mothers who live in an owner-occupied house is substantially smaller than that of parents who live together. More lone parents do not take holidays because of lack of money than do parents who live together. The proportion receiving social welfare is higher among lone mothers (12 per cent as opposed to one per cent for nuclear families). If a lone mother does not work, it is for reasons other than the wish to stay at home with the children – the reason most often given by stay-at-home mothers in two-parent families. However, only 24 per cent of mothers in two-parent families and 13 per cent of lone mothers are outside the labour force (Table 8.6).

Annex 8.2

PROVISIONS FOR SUPPORT OF LONE PARENTS IN SWEDEN

The most important feature of the Swedish system for supporting lone parents is that the local authorities are responsible for tracing the absent parent, usually the father, and for ensuring that he pays child support. If he does not, the local authorities then make child support payments to the custodian of the child, usually the mother. This State support for children whose parents do not live together has existed since 1937. Since 1964, it has been a fixed sum, guaranteed to all children irrespective of whether or not child support has been agreed privately. The State child-support advance is indexed and amounts to 41 per cent of the "base amount", which is a sum of money determined annually and used in much of the Swedish social security system[4].

According to family law, parents are required to provide for their children. A parent who does not take care of his child voluntarily is thus obliged to pay and the authorities can deduct child support directly from salary in the same way as income taxes are deducted at source. Swedish law has elaborate regulations concerning how much the absent parent must pay, what he can deduct for his own needs, for children of a second marriage, for his second spouse, and so on. There are also elaborate regulations concerning the income of the absent parent and custodial parent, respectively, including whether part-time work may be allowed as a reason for a reduced capacity to pay[5].

Since the rules are complicated and therefore, difficult to determine the amount of child-support payments, most divorcing parents turn to the social authorities for help. It is estimated that in 1981 the administration of child support cost the taxpayer SKr 51 million. This included the work of social authorities at the community level, court costs and the administration of child-support payments and the collection of contributions from fathers[6].

Parents may decide upon the child support without assistance from the social authorities. The social authorities have a responsibility to ensure that it does not fall below the established minimum and that parents have the right to renegotiate it every six years. The State child-support payment is important for many custodial parents: more than one-half of all custodial parents in Sweden receive the child-support advance payment (Table 8.A.4).

Table 8.A.4. **Families receiving child support advance payment in Sweden by number of children, 1980**

	Lone parent		Step families		Total
	Number	%	Number	%	
Number of children					
1	62 339	53	16 333	43	78 672
2	33 707	58	31 725	67	65 432
3+	8 013	68	12 550	46	20 563
Total	104 059	56	60 608	54	164 667

Source: HINK, Statistics Sweden, 1980.

Table 8.A.5. **The ratio of child support from non-custodial parent to the child support advance**

	Ratio
1974	100
1975	98
1976	95
1977	87
1978	70
1979	53
1980	46
1981	46

Source: Derived from data from the National Board of Statistics, Series 5, 1975-1982, Statistics Sweden.

The proportion of the child-support advance that is collected from parents relative to the amount paid out of public budgets has diminished over time (Table 8.A.5). Speculatively, there may be a number of underlying factors. In earlier years, the amount of child support determined was often a sum that the father was financially unable to pay; currently his ability to pay is taken into account when the payment is calculated. Second, there may now be more divorced parents with several sets of children to subsidise than unmarried women with a single child to support. Third, there has been a decrease in real wages over the period. In addition, there are now more women who pay support and they tend to have lower incomes than men. However, no research has been carried out to determine the exact reasons for this phenomenon[7].

Another source of financial aid is the child benefit, which is paid for all children up to the age of 16, irrespective of their parents' incomes. The State child-support payment and the child benefit together constitute the minimum social support for children.

A further important factor is that the costs of child care are determined by income and special low rates are accorded to lone parents. Sweden has set up a system of public child-care centres that are run by the local authorities and financed by the State, the communities and parental fees[8]. The parental fees are dependent on family income and lone parents are charged lower fees. In 1980, 52 per cent of all children aged 0-5 had a place in a centre; these places were taken by 70 per cent of children of lone parents, 71 per cent of children of step families and 46 per cent of children of nuclear families (see Holmström *et al.* 1980).

Additional assistance comes via Sweden's general housing subsidy, which is also calculated according to family income and the number of children. Table 8.A.6 shows that 80 per cent of all lone parents receive a housing subsidy as compared to 26 per cent of nuclear families and 31 per cent of step families. A higher proportion of the rent (40 per cent) is covered by the housing subsidy for the lone-parent beneficiaries than for the other families who receive the housing subsidy.

If a family cannot support itself on earned income and the social support benefits which are paid more or less automatically (the child benefit, the child support advance and the housing benefit), then

Table 8.A.6. **Housing subsidies in Sweden, by family type, 1979**

	Lone parent	Nuclear	Step
Proportion receiving housing subsidy	80	26	31
Per cent of rent covered by subsidy	40	11	17

Source: *Ensamförälder* (Single Parents), 1980.

Table 8.A.7. **Social security subsidies to lone- and two-parent families in Sweden, 1981**

	Lone-parent families		Two-parent families
	Women	Men	
Number of cases	34 398	2 625	31 328
Percentage	20	9	3
Average duration (months)	4.2	3.5	4.1
Average amount:			
For education	4 238	666	5 264
For living expenses	3 401	6 201	3 618

Source: *Statistiska meddelanden* (Statistical messages), S 1982:22, "Socialhjälp" (Social Aid) during 1981, Tables 13 and 15.

the custodial parent can apply for social welfare benefits *(socialhjälp)*. The social welfare benefit is a last resort and determined case by case. As shown in Annex 8.1, lone-parent households are over-represented among those in economic difficulties and therefore, are more often eligible for social welfare benefits.

Table 8.A.7 shows the proportions of lone-parent and two-parent families who received social welfare benefits during 1981. This was the case for 20 per cent of lone mothers, for nine per cent of lone fathers and for three per cent of parents living together. On the average, the duration of assistance was 3.5 to four months.

NOTES

1. In Sweden in 1985, of all parents who at any time during the year received money for parental leave, 23 per cent were men, but they took only 5.5 per cent of all the days that were taken. See "Föraldraforsäkringen, 1985", see also Riksförsäkringsverket informerar, *Statistisk rapport* IS-R1986:7.

2. Similarly, a government committee in 1983 suggested the gradual removal of the widow's pension also on the ground that we now live in a society of equality between men and women and that therefore there is reason to attach all survivor support to children and to abolish the widow's pension, especially since there are no corresponding widower pensions for surviving husbands. However, massive hostile criticism of this proposal resulted in its being abandoned for the time being.

3. The "Consumption Unit" (CU) is determined according to the following scale: one adult = 0.95, two adults = 1.65; children = 0.40 per child. This is the measure that is used by tax authorities in calculating the minimum standard of living for tax purposes and has been used in Table A.2 (SOU 1983: 51, pp. 46). For some purposes, the costs of living with children vary according to the age of the child. To calculate the child support due from the parent who does not live with the child the scale is: child aged 0-6, 0.65; aged 7-12, 0.80; aged 13-18, 0.95.

4. The "base amount" underlies, for example, the determination of pension rights, where the maximum pension right has been fixed at 7.5 times the base amount. In the payments of child support, the base amount is used not only for calculating the public child support but also in determining the capacity of the father and the mother, respectively, to pay for the child.

5. Detailed information on child support and child support trends is given in *Socialstyrelsen*, (1982) and *Riksförsäkringsverket*, (1982:2). In principle, child support is calculated in the following way: $B = X_{p2}/(X_{p1}+X_{p2})$ where B = child-support = needs of the child; X_{p1} = excess of income of parent 1, the custodial parent; X_{p2} = excess income of parent 2, the absent parent. Excess income is calculated after having taken account of the parent's minimum need for his or her own support. The child's need (B) is in principle determined by multiplying the base amount by the consumer unit scale for children given in note 3.

   The parent's own needs are determined as 1.2 multiplied by the base amount, excluding housing costs. Housing costs are allowed as a deduction and are regulated. In principle, the deductible housing standards are:

for 1-2 adults:	2 rooms and a kitchen
for 1-2 adults + 1 child:	3 rooms and a kitchen
for 1-2 adults + 2 children:	4 rooms and a kitchen
for 1-2 adults + 3 children:	5 rooms and a kitchen

   There are also rules on the extent to which reduced hours of work are grounds for reducing the child-support payment. For example, in an actual case, a reduction in earnings arising from a change from full-time, white-collar employee to irregularly-employed musician did

not justify a reduction in child-support payments. If there is a new family, the non-custodial parent's obligations to the children of a previous family are influenced by the capacity of the new partner to contribute to the support of children of the new family.

6. See DS.S 1983:10. The investigation carried out by the Swedish government Department of Social Affairs included interviews with 13 local authorities about the amount of personnel time devoted to these issues and made a rough estimate based on them for the total of around 275 local authorities in Sweden. Furthermore, three courts were investigated to ascertain how much time was devoted to court cases on child support. Next, the amount of personnel time of the National Insurance Authority spent on the administration and control of payments was estimated. Finally, the amount of legal aid paid in court cases regarding child support was estimated from interviews with lawyers. Swedes can get State legal aid if they have no money to pay the court costs or if the other party is found guilty and is unable to pay.

7. SOU 1983:51 remarks that over the past 10 years there has been more public concern about the economic position of the non-custodial parent and his new family than about that of the custodial parent and her family.

8. In 1982 the financing of child care was distributed as follows: the State, 49.6 per cent; the local authorities, 41.6 per cent; parental fees, 8.8 per cent (see Gustafsson, 1984). In 1987, the respective figures were 47 per cent; 43 per cent, and 10 per cent.

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Chapter 9

CHILD-CARE POLICIES IN COMPARATIVE PERSPECTIVE AN INTRODUCTORY DISCUSSION

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INTRODUCTION

Child-care services constitute an important resource for all families with children. They are of particular importance to those families in which both parents are employed or in which only one parent is present. In OECD Member countries women head the vast majority of single-parent families; such families frequently have low incomes and are more likely than all other families to experience poverty[1]. Paid employment increases the revenues of single-parent families significantly, even when it is not sufficient to ensure an adequate income[2]. Although the provision of child-care services cannot guarantee the employment of mothers whether single or not, its absence imposes constraints on their ability to obtain and keep a job[3].

It is scarcely surprising, then, that, as the rates of female participation in the labour force of most advanced industrial countries have increased, and family structures have undergone significant transformations, the issue of child care has gained increasing salience in public debate[4]. As a rapid glance at the cases included in this sample reveals, in recent decades, numerous countries have initiated, modified or even redefined their child-care policies, sometimes linking them explicitly to questions concerning women's labour force participation or family status or both[5].

In Australia, the Commonwealth government first assumed a formal commitment to child care with the approval of the Child Care Act in 1972. In Canada, where federal subsidies for child care had ceased in 1946, the Canada Assistance Plan *(régime d'assistance publique)* was defined in 1966, enabling the federal government to share the costs of child care with provincial and territorial governments; tax deductions for child care were introduced in 1972; in the 1980s, three official commissions were formed to examine the issue of child care[6]. In France, the 1970s and 1980s witnessed several institutional innovations in the organisation of child-care services, including the establishment of "parental day-care centres" (*crèches parentales*), and, in 1982, the revision of the system for financing day-care centres[7]. In Germany, between 1974 and 1978, the federal government

provided support to several state and local governments to conduct an experimental programme with "family day-care mothers" *(Tagesmutter)*[8]. In Italy, national legislation instituting public pre-primary schooling and day-care centres was approved between the end of the sixties and the early seventies. The law on day-care centres explicitly declared support for women's employment as one of its primary goals[9]. In Sweden, the Child Care Act of 1977 enjoined municipal governments to work actively to promote participation in pre-schooling. It was followed in 1982 by the Social Services Act which consolidated the public commitment to this sector, and, in 1985, by a law promoting "Pre-school for all children". In Great Britain, the late 1960s witnessed the revision of the Nursery and Childminders Regulation Act of 1948 and the definition of the criteria regulating access to public day nurseries[10]. In the United States, which, like Canada, had rescinded federal funding for day-care centres immediately after World War II, direct governmental subsidies for day care began anew in 1962; "Headstart" programmes were initiated in 1964; a series of fiscal measures adopted in the 1960s and 1970s expanded tax expenditures for child care; a comprehensive bill regarding child care was passed by the Congress in 1971 but subjected to presidential veto[11]. The reform of child-care policy is once again being debated in the United States, at least in part as a result of a bill recently introduced into the Senate by Senator Moynihan, which proposes to provide publicly-funded child care to parents receiving public assistance for child-support who participate in employment and training schemes[12].

Notwithstanding the significance of child care for female labour force participation, systematic comparative research that documents the provision of services in different countries is still largely lacking[13]. Analyses describing specific national and local situations are available, but there seems to be no recent bibliographic survey of them. With few exceptions, moreover, studies are limited by the narrow definition of child care which they adopt. The implicit assumption of many studies that regular or formal schooling satisfactorily fulfils children's custodial needs leads to a tendency to equate child care exclusively with services required by, and rendered to, young children in school and pre-schoolers. Yet an examination of compulsory schooling belies this assumption.

Schooling always covers only a part of the calendar year[14]. In the United States, for instance, the primary and secondary school year generally lasts from early September to mid-June; in Germany it lasts some 39 weeks. The average number of school days per year ranges widely. In the late 1970s, such variation among countries went from 175 (France) to 240 (Germany and Spain). The general trend, moreover, pointed towards a contraction of the school year.

For most families, then, the school year does not coincide with the occupational year. The school week and day are also not synchronised with the schedules that govern most hours of employment. The approximate number of hours of compulsory schooling was 30 hours per week in the United States in 1978[15]. Moreover, the school day often cuts right into the hours of paid employment. In Germany, for example, lessons in schools up to fourth grade generally take place in the morning between 8 a.m and 12.30. But they may also start earlier or end later, depending on the curriculum. In Canada, children in primary schools up to the age of twelve attend school between 8.30 and 11.30 a.m. and 1.30 and 4 p.m. As a rule, unless schools operate a special supervisory service at meal times, children must return home for their luncheon.

Compulsory schooling, in sum, clearly does not exhaust the custodial needs of the children of parents who are working or students. An examination of the ways in which the complex child care needs of working parents and of single mothers are currently satisfied, and of the child-care services available in different countries, must therefore take into

account the needs of parents with children in school as well as of those with children under school age.

A comprehensive survey of child-care services is beyond the scope of this paper. It provides, instead, a summary overview of the public policies regarding child care pursued in a limited sample of OECD Member countries. Several major obstacles had to be overcome, including the paucity of comparable data regarding such critical factors as the historical evolution of coverage rates in public and private services, the multiplicity of coexisting policy arrangements, and the fragmentation of administrative and organisational responsibilities. Moreover, the incremental character of most policies towards child care and female participation in the labour force has led to some inconsistency over time. Policy objectives and instruments change, as do the processes through which they are negotiated, defined and implemented, and the socio-economic environments to which they relate. As these changes occur, a residue composed of the remnants of partially reversed policies accretes, hindering attempts to identify clear strategies and goals. Finally, few countries to date have chosen to design comprehensive legislation in this area. Consequently, child-care policies must often be reconstructed a posteriori out of a patchwork of public regulations and interventions designed for a variety of ends.

Thus, the primary aim of some child-care policies is to promote the educational qualifications or labour force participation of particular categories of parents. Indeed, some child-care policies are the indirect result of educational strategies. Since policies are devised for diverse goals they are not often closely co-ordinated into an integrated whole. Those towards pre-schooling, for example, are frequently not clearly linked with those regarding the care of very young children, the attendant responsibilities being assigned to different institutions[16]. In some countries, the overall system is age-graded: institutional responsibilities are differentiated according to the age of the children for whom services are being provided. In other countries, the overall system is composed of overlapping jurisdictions: the same age group may participate in different types of publicly-provided or -regulated child-care services. In part, this fragmentation of responsibilities corresponds to the different functions assigned to kindergartens and day-care centres: whereas the function of the former is deemed to be primarily educational and only secondarily custodial, the function of the latter is regarded as being primarily custodial and only secondarily educational. Given the constraints which hinder women's employment, the reasons for this functional differentiation appear secondary. In this perspective, countries' policies towards child care as a whole must be analytically reconstructed, piecing together the many sub-systems which provide custodial care for dependent children and thus contributing to the participation of mothers in the labour force.

On the basis of such reconstructions, it becomes possible to foresee different countries tending towards different models of service provision. The following paragraphs delineate two models of child care policy systems. Neither is to be found in perfect form in the countries taken into consideration. The description of them merely seeks to establish a framework within which concrete cases can be examined.

MODELS OF CHILD-CARE POLICY SYSTEMS

Model A: Maximum Private Responsibility

In this model, child care, family organisation, and the participation of women in the labour force are deemed to be private matters. The dual assumption on which appeals to

this model often rest attributes direct responsibility for the care of children to families, viewing this responsibility as a principal obligation and privilege of motherhood.

Within this general framework, children represent a private choice and good, and public policies tend to be minimalist, attributing an important role to the private organisation and delivery of child-care services. Public intervention is considered necessary only to the extent to which major difficulties intervene impeding the fulfilment of parental obligations. The primary aim of public intervention is, then, to establish a safety-net providing succour in hardship cases. It may also be to grant parents facing particular difficulties those resources, financial or otherwise, which will enable them to act in accordance with their responsibilities.

These ends may be attained by a variety of means. Direct services, cash transfers or indirect subsidies may all be provided for those who meet specified needs-related criteria. These criteria may pertain either to the conditions of the family or to the health and mental status of the child or both. But the emphasis that this model places on individual responsibility most characteristically corresponds to policies which promote services offered by the private sector rather than to policies that ensure child-care services through direct provision by statutory authorities. Consequently, it tends towards the use of direct and indirect subsidies rather than towards the development of public child-care services.

Furthermore, whatever type of intervention is chosen, the attention which this model accords to hardship cases directs public responsibility for child care towards institutions providing social services rather than towards educational ones. To the extent to which social assistance is considered to fall largely within the purview of local government, it is to that level that primary responsibility for the organisation and financing of child care is entrusted. In this model, then, central control is reduced while responsibility and authority are dispersed among private actors and local governments.

Model B: Maximum Public Responsibility

In this model, public institutions assume responsibility for the realisation of two objectives: the assurance of extra-familial child care, and the participation of women in the labour force. Explicit policies define these objectives and delineate strategies for their attainment. Such policies may be motivated by a variety of underlying rationales including a belief in the educational value of extra-familial child care or a concern with the importance of women's contribution to family incomes, or both. With reference to child care, they appeal in principle to the notion that "the nation's children" constitute a national resource and responsibility.

Although the policies designed to attain these objectives may attribute particular responsibilities to local governments and assign specific tasks to different public agencies, their broad outlines are defined by the institutions of central government. Analogously, the allocation of the resources necessary to implement these policies is controlled centrally. In this model, then, the diffusion of powers and responsibilities is limited and the differential attribution of functions corresponds to processes of decentralisation that occur within a clear line of command. Public participation in the governance of child-care services, therefore, occurs through the political process and well-defined participatory institutions such as child-care service boards.

To the extent that this model postulates public responsibility for the quality and adequacy of child care, it is most characteristically associated with the direct delivery of child-care services on a universal basis rather than with their subsidy or provision on the

basis of selective criteria. Variants of this model may include, nonetheless, the regulation of private services and provision of direct or indirect subsidies. Priorities may also be established governing access to services on the basis of needs-related criteria.

If Model A and Model B are set at the opposite ends of a continuum, a number of intermediate models falls between which, to differing degrees, attribute to public institutions responsibility for ensuring the performance of parental tasks. Moving from one end of the continuum to the other, they share the assumption that particular aspects of social organisation will systematically undermine the family's ability to take direct responsibility for the provision of child care and to ensure its own economic viability. Perceiving both child care and female labour force participation as desirable goals, they attempt to reconcile the conflict stemming from a woman's simultaneous responsibility as bread-winner and child-carer.

These intervening models share with Model A a corrective orientation. But, as they move towards the other pole, they increasingly assume that corrective public intervention is normally required and that public institutions must actively participate in shaping social organisation. They act therefore, upon numerous social factors, from the conditions of maternal, and, more generally, parental employment to the availability and accessibility of child-care services, using a variety of policy instruments from regulation to cash transfers and delivery services.

EXAMPLES OF DIFFERENT SYSTEMS

None of the countries surveyed corresponds precisely to any one of the models briefly delineated above. Some countries, however, resemble a particular model sufficiently to exemplify it. Thus, Canada, Great Britain and the United States quite closely approximate to Model A, that is, to "maximum private responsibility." Although the specific public policies pursued by these countries differ significantly, they tend nonetheless towards a triple objective: the establishment of a safety-net capable of ensuring child-care services to those families and children deemed to be in greatest socio-economic need or, in the United States and Great Britain, at more risk of abuse or neglect; the encouragement of recourse to private market-based or voluntary services; the assurance of minimal standards of care.

Each country regulates child-care services. Apart from the norms which apply to educational institutions (pre-primary schooling), policies established by federal, state and local government in the United States affect day-care centres, childminders and a variety of other services including "resource and referral" programmes which offer guidance to parents seeking child-care services. In Great Britain, public authorities define standards of operation applicable to nursery schools and classes as well as to day nurseries, childminders, and playgroups. In Canada, policies focus on day-care centres and family day care. The regulatory aspect of policy does not, however, distinguish these countries from the others included in this sample. Rather, they are distinguished by the selective aims of the direct funding provided for child care and the encouragement offered to the development of private and voluntary services.

In the United States, which has no nationally mandated comprehensive system of child care, federal policy proceeds in two directions. On the one hand, it establishes regulations and provides funding to state and local governments for child-care services for children and

families defined as requiring special assistance. On the other hand, it offers indirect subsidies for the private provision of services.

The federal government in the United States provides direct subsidies for child care through a variety of programmes. It subsidises "Headstart", certain other pre-school programmes for disadvantaged children, and some pre-schooling for handicapped children. Through the Child-Care Food Programme (CCFP), it funds meals for children in child care centres and family day-care homes. Through Title XX Social Service Block Grants, it provides its major subsidy to states for the provision of child-care services to low-income families[17]. In addition to these funds, many states also use federal monies allocated through the Work Incentive Program (WIN) to supply child care to mothers who are recipients of Aid to Families with Dependent Children (AFDC) and who are enrolled in work and training programmes. The federal government also makes matching grants to state welfare agencies for child-welfare services[18]. As of 1984, the federal government has been authorised to make payments to state governments to assist them in initiating school-age child care and resource and referral programmes[19].

The federal government also provides indirect subsidies for child care. These include a refundable Earned Income Tax Credit (EITC), a non-refundable tax credit to cover a portion of child-care expenses, and a tax exemption for child-care arrangements paid through flexible employee benefit plans. The Earned Income Tax Credit particularly benefits low-income families with at least one wage-earner and a child under nineteen years of age. Because it saves families resources which can be used for any purpose, its direct significance for child care is difficult to gauge. The Dependent Care Tax Credit authorises families to deduct a limited portion of their child-care expenses from their federal income tax up to a ceiling of $2 400 for one child and $4 800 for two or more children. Like the Earned Income Tax Credit, it favours low-income families, allowing them to deduct a greater proportion of their child-care expenses than higher-income families[20]. This credit currently accounts for the largest portion of federal child-care support. The tax exemption allowed under flexible employee benefit plans, however, appears to constitute the fastest growing form of federal aid to child care. The plan allows employees, whose employers are in agreement, to shield the amount of documented income used for child care from federal taxation. It is consonant with the effort which the United States is currently making to encourage employer-supported child-care programmes.

Like the federal government, many state governments also adopt a dual strategy, providing direct subsidies for child care for families in need and granting indirect subsidies which favour recourse to private services. For example, several states now fund special programmes to help young parents or parents in school or college to obtain child care. They also allow mothers on AFDC to deduct the amount paid for child care up to a maximum of $160 per month per child from their income when computing their AFDC benefits. Finally, twenty six states now allow tax credits or deductions for child-care expenses.

In Canada, as in the United States, policies pursued by the federal government rely on two basic mechanisms: direct subsidies to provincial and territorial governments for the provision of child care to low-income families and indirect subsidies to families using private services. Unlike the United States, where the federal government has assumed some regulatory powers regarding the characteristics of child-care services, the governance of child-care services falls entirely under the jurisdiction of provincial and territorial governments.

Although receiving federal funding for the provision of child care to low-income families, provincial and territorial governments do not, as a rule, provide child-care facilities themselves. Instead, they provide partial financing for individual places in licensed care institutions[21]. These are, generally, private establishments run by profit-making enterprises,

voluntary parental, religious or philanthropic associations or municipalities. The private provision of care is thus encouraged though public franchising of its delivery. It is also stimulated by fiscal arrangements which allow parents to deduct documented child-care expenses from their taxable income up to a ceiling of C$ 2 000 per child, and C$ 8 000 per family[22].

In Great Britain, governmental policies also establish a safety-net for children in need while favouring the development of publicly-regulated but privately provided services for the majority of the population. Drawing on funds from central government, local authorities provide two types of statutory child care. First, they establish day nurseries, catering to children six weeks to five years old. These fall under the general purview of the central Department of Health and Social Security. Within the local authorities, they are generally the responsibility of social service departments. Second, local authorities establish nursery schools and classes for children three to five years old. These are the responsibility of local education authorities, which act in accordance with the Department of Education and Science.

The primary function of day nurseries is to assist children and families in need. Admission criteria accord priority to children perceived as being "at risk", that is, to children thought to be in danger of being neglected or injured, or to children whose home conditions are considered detrimental to their development or to those who have a single parent who is obliged to seek employment. As defined by the then Ministry of Health almost two decades ago, guidelines regulating admissions to day nurseries implicitly postulated that, unless conditions of particular hardship obtained, mothers should normally not be employed but care personally for their children.

Nurseries run by community groups, voluntary organisations and private firms and individuals, formally organised play groups, and child-minders are currently regulated by local authorities. Recourse to these private services does not appear to be encouraged through fiscal means, as in the United States and Canada whose tax policies explicitly favour market-based arrangements. Instead, it is promoted through the limitation of public provision and disbursement of grants to voluntary providers. Private services play an important and growing role in Great Britain. In 1984, the Secretary of State for Health and Social Security suggested that a shift towards increasing privatisation in the provision of child care would be appropriate. Statutory authorities, he noted, would retain an "overall strategic view and responsibility in the community but would see themselves rather less as service-providing agencies and rather more as enablers of voluntary and private provision"[23].

If the United States, Canada and Great Britain may be thought of as variants of a public policy model which emphasizes private responsibility for child care, Sweden, among the countries included in the survey on which this paper is based, represents the clearest case of a policy model oriented towards the assumption of public responsibility in "Model B". Two characteristics most sharply distinguish Swedish child-care policies from those pursued by countries which essentially conform to "Model A". First, Sweden declares as its ultimate objective the establishment of a network of universally accessible child-care services. Second, it emphasizes the direct provision of public services and attributes a secondary role to private, market-based arrangements.

Over the past two decades, Swedish public policies have fashioned a complex system of child-care services. General policy is promulgated by the central government and supervised by the National Board of Health and Welfare and by county administrations, while implementation is delegated to municipal authorities. Municipal day nurseries cater to children from the age of six months to seven years, when compulsory schooling begins.

Municipal part-time centres closely resemble day nurseries but are open fewer hours, generally a minimum of fifteen hours per week, three hours a day, and cater for somewhat older pre-school children, that is, children between four and six years old. Municipalities also bear responsibility for organising family day-care centres, known as family day homes, in which child-minders employed by the municipality care for a maximum of four children, a service available to both pre-school and older children. Municipal authorities are required by law to offer places in part-time group care to all six year-olds, as well as to younger children with special problems. Many municipalities extend this service to four and five year-olds[24]. In addition, municipalities organise recreational centres for school-age children ("leisure time centres") and provide services for children with special needs, including child-minding in case of temporary illness for children who normally attend a day nursery or a family day-care programme. There seem to be practically no private profit-making child-care centres, although there would appear to be a significant number of private child-minders who care for children in their own homes[25].

The coverage of these services is insufficient. Efforts have been made to remedy the shortage of public child-care places. In 1975, an agreement between the government and the Association of local authorities stipulated that municipalities would expand child-care facilities, adding 100 000 new day nursery places during the quinquennium 1976-1980. The Child Care Act, approved in 1977, also enjoined municipalities to work actively to promote pre-schooling and called upon them to prepare plans for expansion. The Child Care Act was then superseded by the Social Services Act, which came into effect in 1982 and which further stressed the importance of child-care services. The objectives defined by these policies have not been attained. However, these policies established the foundations for the subsequent consolidation of child-care policy. With a law approved in 1985, "Pre-school for all children", the government set 1991 as the target date by which time the right of all children over 18 months to a place in either a day nursery, a family day-home, or in pre-school, at least on a part-time basis, was to have been rendered effective. The universal objectives of Swedish child-care legislation are qualified by a priority system which establishes that children between one-and-a-half and seven years of age whose parent(s) are either employed or studying have the right to a full-time place in a day nursery, and that children within the same age group whose parent(s) are home-makers have a right to a part-time place. Swedish policy thus seems to distinguish between different kinds of needs more on the basis of parental involvement in employment and education than on the basis of family income or structure[26]. Its underlying rationale appears to be the creation of an integrated system linking employment, education and child-care services rather than of a safety-net to assist families facing particular hardships.

In contrast to Sweden, the remaining countries, in this sample – Australia, Germany, France and Italy – pursue policies less clearly oriented towards establishing the primacy of public services. Nonetheless, they share the same basically universal orientation. Like Sweden, they also adopt varying criteria regarding the need for child care to identify priorities and, therefore, to regulate access to services directly supported by public funds rather than to define exclusionary principles such as those that obtain in Canada or the United States.

In Australia, the main types of care provided through officially licensed schemes include centre care for children under school age, family day-care, and pre-school services. Care outside school hours and during school vacations is also available, as is occasional care. The formal care sector includes services operated directly by state or local governments, non-profit community-organised services which receive public funding, and licensed profit-making services. Employment-based care appears to be virtually non-existent. Infor-

mal arrangements, including care by relatives, neighbours and unregistered child-minders, play an important role in the child-care network.

The involvement of Commonwealth and state authorities in the provision and regulation of these services has varied over time and across states. In 1972, when the Child Care Act was passed, the Commonwealth government assumed a formal commitment in this sphere. The Act provided for financial support to be given for the establishment and operation of child-care centres and for fee subsidies for low-income families. While underscoring the general significance of child-care services, the Act therefore assigned particular responsibility to public institutions for the provision of services to economically disadvantaged families with young children. In 1976, Commonwealth policy seemed to narrow its focus to the selective provision of child care for particular categories of children in need: those from low-income families; those with families headed by a single, working parent; those suffering from handicaps; those considered at risk or belonging to other vulnerable social groups. But the emphasis of Commonwealth policy has since shifted. In 1983, a policy of universal access to child-care services was established. More recently, this policy stance appears to have been combined with the stated aim of giving priority to children of families where both parents work, and of employed single parents, as well as those with special needs[27].

Australian policy allows for the attainment of these goals in a variety of ways: through the establishment of services directly operated by state and local governments, by non-profit community-based services which receive public funding and by licensed profit-making enterprises. In fact, child-care services in Australia have generally been developed on the initiative of local groups such as parental associations and community organisations. As a rule, such services charge fees: the Commonwealth operates a fee-relief scheme which subsidises children whose families cannot pay the full costs of care[28]. The Commonwealth also disburses funds directly to the sponsors of child-care centres, family day-care schemes, occasional care and outside school care[29]. Since 1986, moreover, the Commonwealth has provided an operational subsidy of A$ 16 for each approved, under-three-year-old place and of A$ 11 for each approved, three-year-old-and-over place. A "special needs" subsidy is also available to child-care centres catering for children with priority needs.

In addition to the funds provided by the Commonwealth, day-care centres, occasional care facilities, outside school hours and vacation care services, and a minority of family day schemes, receive funding from state governments. The mix of funding arrangements is complex and, as some observers have noted, may create difficulties for the organisers of child-care services. Nonetheless, the overall system seems oriented towards guaranteeing public support for a diverse set of service providers.

Germany, like France and unlike Italy, offers a broad range of child-care services[30]. Thus, for instance, Italy makes no provision for family day care, and it does not regulate child-minders. However, in Italy, as in Germany, but not in France, group-based child-care services are clearly age-graded. In Germany and Italy, a day-care centre *(Krippen; asili-nido)* looks after children under three while pre-school programmes *(Kindergarten; scuole materne)* cater to children from three up to their entry into primary schools. In France, day-care centres *(crèches)* take in children up to the age of three, while pre-schools *(écoles maternelles)* cater to children from the age of two.

Apart from the differences in the services which they offer, these countries are distinguished by the financial arrangements that govern the support of child care. Both in Italy and France, social security agencies play an important role in the financing of public day-care services: in France, through the *Caisse nationale d'allocations familiales;* in Italy, through the *Istituto nazionale di previdenza sociale.* In Germany, public subsidies favour the

provision of child care through voluntary or "free-providers" whereas private, profit-making services account for a very limited portion of the total supply of services.

THE LIMITS OF COVERAGE AND CURRENT TRENDS

Whatever model for the provision of child care countries have adopted, there is general agreement that the demand for services significantly outstrips the available supply[11]. The extent of the gap is difficult to gauge. As a report to the Commission of the European Communities observed in reference to child care for children under three years of age, "everyone agrees that there are not enough places, but one can only estimate the orders of magnitude" of the shortfall[12].

In all the countries discussed child care in day-care centres and family day care provides places for less than half the children in the relevant age cohorts[13]. However, pre-school enrolment rates are frequently much higher. In general, participation in formal child-care services is strongly age-graded, with the result that children nearer the age to primary schooling have higher rates of participation in formal child care. Yet, once primary schooling begins, very little non-scholastic formal care is available in most countries. Moreover, individual care services are frequently incapable of coping with the complex child care needs of contemporary families: surveys reveal that, in many countries, parents use a multiplicity of child-care services both for pre-school and school-age children[14]. Informal arrangements consequently play a key role in enabling families to cope. These arrangements frequently entail the collaboration of family members, but they often also involve recourse to services offered "off the books" by individual child-minders.

Although generalisations are hazardous, a few common trends seem to emerge. Notwithstanding significant differences in the extent and patterns of coverage, it appears to vary territorially, economically and in relation to both maternal employment, and to family status. Territorially, large urban centres generally offer a higher concentration of child-care services than rural areas[15]. However, the importance of the distinction between urban and rural areas may be mitigated by the policies of regional and local governments where these play a key role in the provision of child-care services. In Italy, for instance, in 1983 there were places in day-care centres for 19 per cent of the children under three in the region of Emilia-Romagna, but for less than 2 per cent of those in the region of Campania[16].

From a socio-economic perspective, recourse to formal child-care services appears to increase with family income. There is also some evidence to indicate that, especially in countries in which special subsidies or services are provided to the economically disadvantaged, formal child-care services are most used by families which are either at the higher or lower ends of the income scale[17]. Furthermore, formal outside-the-home child-care services are more often used by mothers employed full-time than by those who are employed part-time or not employed[18]. Mothers employed in higher status occupations seem to use formal care services to a greater extent than mothers employed in lower status occupations[19]. Finally, the available data reveal that single-parent families make considerable use of formal child-care services, especially when the mother is employed[20].

These variations and insufficiencies in coverage persist notwithstanding the significant increase of the overall coverage which countries have achieved in the past two decades. In general, the increase has been accompanied by rises in public expenditures, although these

have been unevenly distributed. In many countries, the rates of increase of both coverage and expenditure slowed down between the end of the 1970s and the early 1980s. In some countries the absolute value of the funding provided by central governments for child care actually declined. Recently, however, there have been signs of some increases in funding.

Such oscillations in central policy are discernible in Australia and in Germany. In Australia, in constant terms, total Commonwealth expenditure on children's services increased 3.8 times between 1974 and 1982; in 1980-81, it represented 0.8 per cent of total Commonwealth expenditure on social security and welfare. Although expenditure increased sharply in 1975 and 1976, it declined in real terms every year between 1977 and 1982. The cumulative reduction over this period amounted to 30 per cent of the total[41]. But in 1983, the Commonwealth committed itself to a programme of increased support for child care and children's services, which led to a 70 per cent increase in the number of subsidised child-care places and to approximately 40 000 full-time care places[42]. In Germany, public subsidies to "free providers" of child-care services grew sharply between 1970 and 1980. They then declined between 1980 and 1983: notwithstanding a subsequent increase, they were, in 1984, still below the 1980 level[43].

In Canada, federal expenditure on child-care services increased by 78 per cent between 1982-83 and 1986-87, even though, over the same period, general federal expenditures for children declined by 8.6 per cent[44]. In the United States, global federal expenditure for child care increased significantly: in millions of dollars it went up from $2 807 in 1980 to $5 484 in 1986. However, this increase was largely due to the growth of the dependent care tax credit. Excluding the tax credit, federal funding seems to have failed to keep up with inflation[45]. In Italy and Sweden, support from the central government for the direct provision of at least some child-care services appears to have increased. In Italy, between 1982 and 1985, governmental funding for pre-schools (scuole materne) increased by 3.5 per cent in constant terms. In Sweden, between 1970 and 1980, increased funding raised public expenditure for child-care services from 0.4 to 1.6 of GDP and from 2.3 to 5.5 of total social security expenditure[46]. Between 1980 and 1983, public expenditure for child-care services continued to grow. However, although it attained 1.8 per cent of GDP, it declined slightly from 5.5 to 5.2 per cent of total social security expenditure. In France, funding for pre-schools *(écoles maternelles)* exhibited a similar pattern. In real terms, governmental outlays increased by 14.6 per cent between 1975 and 1983[47]. Between 1975 and 1980, governmental expenditure for pre-schools went up from 4.3 to 5.4 of the total education budget; from 1980 to 1985 it increased to 5.6 per cent[48].

CONCLUDING REMARKS

In recent years, demand for child-care services has continued to expand, and has become progressively more generalised. Whereas public support for child-care issues was once deemed necessary only for particular categories of working women such as those who were drafted into productive activities during war time or who were engaged in factory jobs, today its relevance for all women with children is gaining increasing recognition. The demand becomes evermore universal, as women's extra-domestic activities, primarily in employment and education but in other spheres as well, are increasingly legitimised. The demand is further buttressed by the increasing importance attached to early childhood education.

A multiplicity of arguments now converges to strengthen the demand for child-care services. At the same time, the limits of the current coverage are clearly emerging. Faced with these limitations and budgetary constraints, countries address a dual challenge: how to increase the supply of services and, simultaneously to guarantee their quality. The following problems arise. First, whether countries should deal with child care, education and parental employment within an integrated framework or perpetuate the traditional fragmentation of responsibilities. Second, what is to be the scope and character of public support for child-care services? Notably, should it provide global or selective support? Either option may be exercised by adopting various "mixes" of direct and indirect support. Thus, countries may adopt models of child care which tend more towards public provision or more towards the encouragement and regulation of supply through voluntary associations and the market. In choosing the former alternative, they encounter the rigidities and difficulties which a great deal of literature on the welfare state has recently illuminated; in choosing the latter, they run the risk of not correcting distortions in the coverage which privileges urban over rural and wealthy over poor families.

Whichever alternative countries choose, increased intervention will in all likelihood lead to a greater integration into the formal economy of child-care services and child-care workers. Tax exemption schemes, for instance, encourage market-based arrangements and concomitantly require attestation of payment for services rendered. They cannot apply in cases in which services are acquired from individuals operating without regular licences and work permits. The registration of child-minders similarly tends to integrate into the formal economy services which have hitherto often fallen outside its purview.

Finally, countries must address the financial issues raised by the expansion of child-care services. Tax expenditure systems may ultimately prove no less expensive than systems based on direct expenditures; their respective merits should be evaluated. Both systems, moreover, can allow for varying distributions of the financial burden among central and local governmental authorities, users and employees. However countries choose to address these and related issues, their responses are likely to reflect the cultural and political constraints and options incorporated into their existing systems. It is worth recalling, however, that the massive increase of women's labour force participation has created new opportunities for redesigning employment, education, and family policies. In view of the difficulties facing lone-parent families, such opportunities should be made widely known.

Annex 9.1

TYPOLOGY OF PUBLICLY-REGULATED, -SUBSIDISED OR -PROVIDED CHILD-CARE SERVICES

	Day-care centre	Pre-school	Family day care or child-minder	Other
Australia	x	x	x	Outside school/vacation/ occasional care
Canada	x	[a]	x	
Germany	x	x	x	Weekly foster family/outside school care
France	x	x	x	Temporary care/residential care for problem children
Italy	x	x	—	Vacation/outside school care
Sweden	x	[a]	x	Outside school/ temporary care
Great Britain	x	x	x	Play-groups
United States	x	x	x	Special programmes/outside school care/ resource and referral programmes

a) Pre-school programmes are integrated into day-care centres.

Annex 9.2

SUMMARY OF PRINCIPAL FORMS OF PUBLICLY-REGULATED, -SUBSIDISED OR -PROVIDED CHILD-CARE SERVICES BY COUNTRY

Australia

Day-care centres (child-care centres) provide care for children under school age (compulsory schooling begins at six). Care is generally provided on a regular full-time or part-time basis during working hours. However, extended day-care may also be provided as may occasional care, emergency care, outside-school-hours care for school-age children, and vacation care. Pre-school programmes may be offered within child care which may be operated by local government authorities, community organisations or profit-making enterprises.

Family day care is provided by licensed or supervised carers or both in the care-giver's home. The number of children for whom care may be provided is generally limited to four. Care-givers may operate either individually or in an organised family day-care scheme. In the latter case, a co-ordinating agency selects and supervises the care-givers, arranges the placement of children, and provides advice to both parents and care-givers. On average, the schemes involve approximately 50 care-givers and 160 children. They provide full-day, occasional, emergency and outside-school care. Schemes are organised by a variety of bodies including local governments, church organisations, and community groups.

Pre-school programmes cater for children in the 3-5 age group during school terms. Children generally attend for a half-day session lasting about 3 hours or a full-day session lasting 5 or 6 hours. These services are generally attended by 20 to 30 children. Pre-school services may be provided by state governments, community organisations or private, profit-making enterprises.

Outside-school care services provide care before school begins or after it is over. They are generally designed for children with working parents or children with special needs such as aboriginals or migrants. Care may be provided through existing family day-care schemes and child-care centres or through distinct programmes organised by parental and community groups.

Vacation care schemes are generally operated by community groups and make use of established facilities.

Canada

Day-care centres (*garderies*) provide group care for infants, pre-school and school-age children. They are generally open on week days from 7.30 a.m. to 5.30 or 6.00 p.m. Centres may be established by profit-making private enterprises or by non-profit-making bodies, including municipal authorities, voluntary bodies, and parental or religious associations.

Family day care (*services de garde en milieu familial*) provides day care with more flexible hours than day-care centres. It caters especially for infants and school-age children, although pre-school children may also be enrolled. Family day-care programmes are licensed by provincial and territorial governments and must conform to prescribed regulations.

Outside-school care provides care for children outside school hours. In the province of Quebec, this service is provided by school councils.

Germany

Day-care centres (*Krippen*) provide either full-time or part-time care for infants and children up to the age of three. In some federal states, "baby day-care centres" cater for children up to the age of two, and centres for two-and three-year-olds. Centres may be established by public institutions, "free providers" or private profit-making enterprises. In fact, in 1981, the latter accounted for only 2 per cent of all places in day-care centres.

Family day care offers various kinds of services under this general rubric. Private day-care families, which are also referred to as family day-care mothers (*Tagespflegestelle* or *Tagesmutter*), provide care with flexible hours (excluding weekends) for children up to the age of six. Regulations generally authorise the care-giver to look after up to two children as well as her own. Weekly foster-family care (*Wochenpflegestelle*) is also available. In these services, children up to the age of three spend the entire week, except the weekend, with a foster family.

Pre-school programmes (*Kindergarten*) cater for children three to six years of age (compulsory schooling begins at age six). Pre-school services may be established by public institutions, "free providers", or private profit-making enterprises. In 1981, the latter provided only one per cent of all available pre-school places.

Outside-school care (*Hort*) provides day care and homework supervision after school for school-age children up to the ages of twelve or fourteen. This service often includes the provision of lunch. Outside-school care facilities may be established by public institutions, "free providers", or private profit-making enterprises. In 1981, however, the latter provided only two per cent of all available places.

France

Day-care centres (*crèches*) exist in a variety of forms and usually cater for children up to the age of three. The basic form is that of the crèche collective which normally takes in 30 to 60 children, although capacity may vary from 10 to 120 children. These centres tend to cater for a given locality, but approximately 20 per cent are employment-based. "Mini" day-care centres (*mini-crèches*) adhere to the same general set of regulations as the crèches collectives, but take in a more limited number of children (10 to 120) and may be housed in apartments. Parental day-care centres (*crèches parentales*) are established and managed by parents with the assistance of professional personnel. These require continuous parental involvement and can only function as long as that involvement is maintained. In addition, a limited number of day-care centres and kindergardens (*garderies* and *jardins d'enfants*) care for children from three to six years of age. These are usually run by employers.

Family day care (*crèche familiale*) provides care in a child-minder's home for between one and three children. Family day-care programmes are generally overseen by a specialist in early childhood care, and staffed by municipally-employed licensed child-minders. Governmental provisions also allow for children being cared for by licensed child-minders in their homes.

Pre-school programmes (*écoles maternelles*) take in children between the ages of two and five, although most places are for children aged three and older. They are generally open six and a half hours a day, four and a half days of the week. Like primary schools, they are closed on Wednesdays

and Sundays and open half day on Saturday. These programmes may also care for children before and after classes. The écoles maternelles are established by the Ministry of Education. Some private nursery schools offer similar services, operate under contract from the Ministry of Education and receive subsidies towards running costs.

Occasional-care centres (*haltes-garderies*) provide part-time programmes for children up to the age of six.

Residential-care centres for children with special needs (*pouponnières*) cater for children up to the age of three with special social or medical problems or both.

Early childhood centres (*centres de la petite enfance*) are a recent innovation. They provide an integrated range of services for young children, including regular day care, occasional care, and pre-school programmes.

Italy

Day-care centres (*asili-nido*) provide care for children up to the age of three. They are generally open eleven hours a day, five days a week, eleven months a year. On average, children attend for nine to ten hours a day. Day-care centres are primarily the responsibility of regional and municipal authorities and may be established by statutory authorities or private bodies.

Pre-school programmes (*scuole materne*) enrol children from the age of three until they start primary schooling at age six. They are generally open eight hours a day during the normal school year. They fall under the purview of the Ministry of Education and may be established by the Ministry itself, by private bodies or by municipal governments.

Outside-school care programmes may be established by regional and municipal governments.

Vacation care facilities are generally organised by municipalities through contracts with private organisations.

Sweden

Day care centres ("day nurseries" and "part-time groups") cater for children under the age of seven, when compulsory schooling begins. They are the direct responsibility of municipal governments. Day nurseries take in children from six months to seven years of age and are generally open from 6.30 or 6.45 a.m. to 6 or 6.30 p.m. "Part-time groups" generally cater for children between four and six years of age and are open approximately fifteen hours a week. In a few municipalities, a state-subsidized pilot project has been introduced to test evening and night nurseries and night-time care.

Family day care ("family day homes") cater for both pre-school and school-age children. In family day-care programmes, child-minders are employed by the municipality and supervised and coordinated by a municipal social service staff member. They may care for a limited number of children (generally, up to a maximum of four children including the care-giver's own). Private child-minders also provide family day-care services.

Outside-school care (in "leisure time centres") is provided by recreational care centres, which generally take in 15 to 25 children aged 7 to 10, sometimes up to 12. These centres are kept open nearly all year and frequently have the same hours as day nurseries. They often share the premises of day-care centres, and are also the responsibility of municipal authorities.

Occasional and special care is provided by municipal authorities for a range of purposes – for example, for children who normally attend a day-care centre or family day-care programme and who are temporarily unwell. Such care is provided by municipally-employed child-minders who look after the child in their own homes.

Great Britain

Day-care centres ("day nurseries") cater for children aged six weeks to five years. On average, they take in 50 to 60 children, admissions being based on a priority system that privileges children deemed to be at risk. Each place is normally considered to be full-time, although local authorities implicitly accept part-time attendance and register 5 to 10 per cent more children than there are places available. Day nurseries fall under the general purview of the Department of Health and Social Security and are the direct responsibility of local social service authorities.

Family day care may be provided by child-minders registered with local social service authorities and authorised to take in a limited number of children. Registration also entails specific responsibilities regarding the health of the care-giver and the facilities in which the child-minding is to occur. In turn, local authorities may offer child-minders a range of support services, including training sessions and equipment loans. As a rule, local authorities do not remunerate child-minders directly.

Pre-school programmes ("nursery schools" and "nursery classes") cater for children three to five years old who may be enrolled full-time or part-time. The general policy for these programmes is determined by the Department of Education and Science whereas implementation is the responsibility of local education authorities. Governmental policy currently favours the establishment of nursery classes in elementary schools rather than in separate nursery schools.

Playgroup centres offer part-time care and only run during the school year. They generally cater for children from the age of two or two-and-a-half and offer two to five weekly sessions of a few hours each. Some centres operate longer hours and provide lunch. They may cater for such special needs as deprived inner city neighbourhoods or handicapped children. Mother and toddler groups have also recently been established. As a rule, playgroups require continual parental involvement, and are staffed by a play-leader and an assistant. They are normally registered by local authorities. Many are affiliated to the Pre-school Playgroups Association (PPA), which provides training courses, insurance coverage, bulk-buying schemes and other services.

Outside-school care is not statutorily provided outside school hours and during vacations. But in London and a few other places, extended day schemes offer such care at least to children attending nursery schools and classes. These schemes may be housed close to the schools which the children normally attend or in the schools themselves. They generally run for 48 weeks a year, although a few are limited to the school year. Most schemes take in approximately 10 children, with some involving 15. Staff members are usually part-time, and may also be employed in the nursery school or class which the children in the scheme attend.

Childhood centres have recently been opened to overcome the fragmentation of child-care services. These combine nursery centres under the joint auspices of local education and social service departments. Integrated services have also been provided by family and play centres.

United States

Day-care centres generally care for children under school age. At the end of the seventies, day-care centres tended to care for children at the upper end of the relevant age cohort. However, infant and toddler programmes have since been instituted in several states.

Family day care may be provided by registered child-minders who must adhere to local regulations. Relatives may also provide publicly-recognised child-care, which may be exempted from licensing requirements, if there is payment for the services rendered.

Pre-school programmes like day-care centres cater to pre-school children. This is the most common form of collective care for children between the ages of three and five. A growing proportion of pre-school programmes is full-time; the proportion of three to five year-olds in full-time programmes doubled between 1970 and 1980 to reach 34 per cent. The National Governors' Association has

highlighted the importance of this sector; thirteen states have funded new programmes in the last three years. The federal government subsidizes some pre-school education for handicapped children and for socio-economically disadvantaged children.

Headstart, a compensatory programme for socio-economically disadvantaged pre-school children, receives funding from the federal government. It provides integrated child care and educational services besides stressing parental involvement. Several states also fund special schemes to help young parents or parents who are attending school or college or another education or training programme.

Outside-school care is funded by Congress to help states develop child-care programmes for school-age children. Thus far, seven states have approved initiatives establishing such programmes.

Resource and referral programmes link parents and child-care providers, help to co-ordinate and expand child-care services, and recruit, train, and offer technical assistance to care-providers.

Annex 9.3

SYNOPSIS OF COVERAGE IN FORMAL CARE SERVICES BY COUNTRY

In Australia, analyses of user surveys conducted have found that, in 1980, the formal care sector provided the main type of care for less than one-fifth (18 per cent) of the children under twelve not attending school. Of these, 12.5 per cent had places in pre-school, while 5.5 per cent had places in day care (including in family day care). A higher proportion of the same cohort (23 per cent) used formal child care at some stage during the survey week. Single parents with children under twelve who were not attending school made greater use of centre care (9.9 per cent), but less use of pre-school (9.4 per cent) as the main source of child care. Of children under the age of twelve who did attend schools, 2.2 per cent attended a child-care centre at some stage during the survey week; for 1.3 per cent it constituted the main type of care. Single parents relied on formal, outside-school care somewhat more than other parents. They used centre care at some time during the survey week for 2.9 per cent, and as the main type of care for 2.4 per cent of the children under twelve who were not attending school[49].

In the main, then, the majority of children was not looked after primarily in formal care services. Even for those using formal care as their primary type of care, the amount of time was limited, the majority attending for less than twenty hours a week. Most of those not attending school in 1980 were cared for primarily by their parents (58.1 per cent) especially by their mothers (37.4 per cent for all families, and 46.3 per cent for the children of single parents). Similarly, most of those attending schools were cared for primarily by their parents, in particular by their mothers. Care by relatives was the main type of care used for 15 per cent of children not in school, and almost 8 per cent were cared for by unregistered child-minders[50].

In Canada, in 1984, formal day care was available for 8.8 per cent of children under the age of thirteen whose parents were either working or studying for a minimum of twenty hours a week. Children between the ages of three and six had the highest coverage rate (31.3 per cent). They were followed by children between 18 and 35 months (13.8 per cent) and children up to 17 months (8.7 per cent). School-age children had the lowest coverage rate (2.5 per cent).

In Germany, in 1981, there was a place in a day-care centre (*Krippe*) for only 1.2 per cent of all children under three. Coverage in outside-school care for school-age children (*Hort*) was also limited. In 1981, places were available for 5 per cent. However, coverage in pre-schooling (*Kindergarten*) attained far higher rates. In 1982, the overall coverage rate was 66.8 per cent, with places for 36.1 per cent of three-year-olds, 68.8 per cent of four-year-olds, 80.2 per cent of five-year-olds, and 83.4 per cent of six-year-olds[51].

In France, in 1985, places were available in day-care centres (*crèches collectives*) for 3.7 per cent of children under the age of three, in family day care (*crèches familiales*) for 0.9 per cent of the same cohort, 6.9 per cent were being cared for by registered child-minders (*assistantes maternelles*), and 10.3 per cent were enrolled in pre-schooling (*écoles maternelles*). Approximately 14 per cent were being cared for by unregistered child-minders; the remaining two-thirds (circa) were being looked

after by their own mothers. Notwithstanding the low rates of participation in formal care for under-threes, the majority of pre-school children attend the *écoles maternelles;* by 1985, more than 94 per cent of four-year-olds were enrolled along with practically 100 per cent of five-year-olds[52].

In Italy, in 1983, places were available in day-care centres for 5.2 per cent of children under the age of three. Enrolment in pre-schooling is far greater. In 1985-86, 87.8 per cent of children three to five attended the *scuola materna.* A survey conducted in 1982-83 found that approximately 83.4 per cent of school-age children participated in extra-curricular activities. These activities, however, generally occupy a few hours a week and are unlikely to exhaust the custodial needs of school-age children.

In Sweden, in 1984, 30 per cent of children under age three, and 52 per cent of those aged between three and six were registered in full-time places in day-care centres or in family day care. Moreover, a considerable number of three- to six-year-olds had part-time places in formal child-care services. Thus, in 1983, in addition to the 48 per cent who were registered in full-time day care, 22 per cent were registered in part-time care[53].

It has been estimated that approximately 40 per cent of all under-fives *in Great Britain* were in some kind of child care by the late 1970s[54]. However, this figure conceals a wide range of variation. In 1983, places were available[55]:

- in local authority or registered playgroups, for 34 per cent of three- to four-year-olds in England, 29 per cent in Wales, and 34 per cent in Scotland;
- in local authority day nurseries or other registered day nurseries for 1.8 per cent of 0-4 year-olds in England, 1.5 per cent in Wales, and 1.3 per cent in Scotland;
- in maintained nursery schools, and in places for under-fives in primary schools, for 40 per cent of three- to four-year-olds in England, 70 per cent in Wales, and 35 per cent in Scotland;
- with local authority child-minders or other registered child-minders, for 3.8 per cent of 0-4 year-olds in England, 3.7 per cent in Wales, and 1.3 per cent in Scotland.

In the United States, in 1982, less than one-third (30.6 per cent) of children under five with employed mothers were cared for in his or her own home[56]. 16.8 per cent of children under five of working mothers were enrolled in group-care centres. Mothers employed full-time enrolled their children in such centres considerably more than did mothers who were employed part-time (18.8 per cent to 7.5 per cent). Similarly, single mothers made more use of group-care centres than did women whose husbands were present (20.2 per cent to 13.4 per cent). Black women used group care more than white women (20.9 per cent to 13.6 per cent)[57]. In the United States, as in the other countries included in this sample, pre-schooling enrolment is considerably greater than participation in day-care programmes. Thus, in 1984, 51.64 per cent of children three- to five-years old were enrolled in pre-school programmes[58].

NOTES AND REFERENCES

1. Moreover, even in the context of generalised increases in the rates of female participation in employment, single mothers appear to encounter particular difficulties in the labour market. In Australia, for instance, 24.3 per cent of single women, as against 34.2 per cent of married women with children under five, were in the labour force in 1984. The labour-force participation rate for single mothers fell from 45 to 41 per cent between 1974 and 1985, even though the overall participation rate for women with dependent children increased. In the United States, in 1977, one of every three unmarried women with children under 2 years of age was unemployed.

   For data on Australia, cf. A. Harding, *Assistance to Families with Children and the Social Security Review*, Canberra: Department of Social Security, 1986, Table 5. For data on the United States, cf. M. Lueck, A.C. Orr and M. O'Connell, *Trends in Child Care Arrangements of Working Mothers*, US Bureau of the Census, Special Studies P-23 No. 117, June 1982, pp. 3,5.

2. Cf. S.B. Kamerman and A.J. Kahn, "Notes on Policy and Practice: Income Transfers and Mother-only Families in Eight Countries," Social Service Review, (USA) 1983, p. 457.

3. On child care as a constraint affecting female employment, cf. Lueck, M. *et al. op. cit.*, p. 2; Presser, H.B. and Baldwin, W., "Child Care as a Constraint on Employment: Prevalence, Correlates, and Bearing on the Work and Family Nexus", *American Journal of Sociology*, 85-5 (March 1980), pp. 1202-1213; and J.P. Fernandez, Child Care and *Corporate Productivity: Resolving Family/Work Conflicts*, Lexington, MA: Lexington Books, 1986.

4. All the countries included in this sample have witnessed noticeable increases in women's labour force participation, increases that have especially involved the mothers of dependent children. For example, in France, the participation rates of women between 25 and 34 years of age rose from 48.9 per cent in 1968 to 62 per cent in 1975 and to 70.6 per cent in 1985. For all women with one child under the age of two, labour force participation rates went from 25.9 to 37.8 per cent in the same period.

5. Child-care policies do not always or only relate to changes in family structure or female employment. Their development may be linked to numerous other factors as well, including the social standing of particular minorities (racial, religious, or otherwise) or the downward expansion of education systems to include younger age groups.

6. In 1984, the Commonwealth government appointed the Cook committee whose recommendations, published in 1986, included instituting a system of universally accessible child care by the year 2001. In 1985, the Commonwealth government appointed a parliamentary committee which recommended more modest increases in child-care services. In 1986, a working group involving the federal as well as provincial and territorial governments was set up.

7. *Crèches parentales* are statutorily regulated day-care centres which are established and managed by parents with the assistance of professional personnel. In 1982, "day-care centre contracts" (*contrats crèches*) were instituted. In accordance with these contracts, the financial responsibility of the *Caisses d'Allocations Familiales* (CAF) for the operating costs of newly-created places in

day-care centres was expanded from 30 to 50 per cent. The CAF agreed to increase their contribution for already existing places from the previous level of 30 to 50 per cent over the course of five years. In exchange, day-care providers agreed to increase their capacity by 50 per cent over five years and to improve their own financial situation by updating the fees paid by families and by establishing a sliding scale in relation to family resources. Cf. "Les contrats-crèches. Bilan au 15 novembre 1984", *CAF Lettre*, 1/1/1985.

8. Between 1974 and 1978, federal, state and local funds were drawn upon in equal proportions to employ 220 day-care mothers in eleven cities. The mothers received a monthly salary, which was paid by the public authorities, and a fee from the parents of the children for whom they provided care. They also received advice from specially trained counsellors.

9. The national law on day-care centres attributed implementing powers to regional governments, most of whom first enacted their own legislation regarding day-care in the early seventies. Cf. CENSIS, *L'apparato dell'intervento e le autonomie locali*, Rome: 1980.

10. Cf. Section 60, Health Services and Public Health Act.

11. "Headstart" is a compensatory programme for disadvantaged children between three and five years of age. As defined by the United States Congressional Budget Act of 1974, tax expenditures are revenue losses which are attributable to provisions of the federal tax laws and which allow a special exclusion, exemption or deduction from gross income or which provide a special credit, a preferential rate of tax or a deferral of tax liability. The use of tax expenditures to subsidize child care can be traced to 1954 when working parents were allowed a limited deduction for employment-related child-care services. For a brief overview of the role of tax expenditures in American social policy, cf. W.L. Canak, and J.A. Devine, "The Political Economy of the US Federal Tax Code", paper presented to the Annual Meeting of the American Sociological Association, Chicago, 1987; and, for a synthetic reconstruction of the history of child-care policy in the United States, cf. J.P. Fernandez, *Child Care and Corporate Productivity: Resolving Family/Work Conflicts*, Lexington, Mass.: Lexington Books, 1986, pp. 17-21.

12. Cf. "Family Security Act of 1987", Section-by-Section Summary, 21 July 1987.

13. A notable exception is S.B. Kamerman and A.J.Kahn, *Child Care, Family Benefits and Working Parents: A Study in Comparative Policy*, New York: Columbia University Press, 1981.

14. The information regarding the custodial function of compulsory schooling was compiled by the OECD Secretariat.

15. In 1978, compulsory schooling in Turkey also covered approximately 30 hours per week. It accounted for 22.5 hours per week in Portugal in 1979 and 25 hours per week in Spain in 1985. These figures conceal considerable variation, which is often linked with the tendency for the hours of schooling to increase with the age of the students. In Germany, for instance, Grundschule (grades 1-4) is in session 30 hours per week; *Hauptschule* (grades 5-9) is in session for 30 to 34 hours per week; *Gymnasien* are in session 30 to 36 hours per week.

16. In Italy, France and Great Britain, for instance, general responsibility for day-care centres and kindergartens is assigned to different branches of government, as follows:

	Day-care centres	Kindergartens
France	Ministry of Public Health and Social Security	Ministry of Education
Italy	Regional governments (social service departments)	Ministry of Education
Great Britain	Department of Health and Social Security	Department of Education

In Australia, the attribution of responsibility to different government agencies varies across states. In some states, responsibility for day care and pre-school education is integrated in a single ministry, whereas in others it is divided among ministries. South Australia, for instance, has recently established a Department for Children's Services which is responsible for the provision of all services, except private ones, for young children. The Minister responsible for the Department is also the Minister of Education. In Tasmania, pre-schools are the responsibility of the Department of Education, whereas day care comes under the Department of Social Welfare. In New South Wales, the Department of Youth and Community Services supervises day-care services and some pre-schools whereas other pre-schools are operated by the Department of Education. In Sweden, in contrast with the countries mentioned above, responsibility for national policy regarding the complex system of available child-care services rests with one major branch of government: the Ministry of Health and Social Affairs. Implementation of the policy is left to the municipalities, who frequently follow the guidance of the Swedish Association of Municipalities.

17. Title XX Social Services Block Grants provides states with federal funding which can be used for a wide range of social services. State policies regarding the use of these allocations vary widely but, overall, states currently spend approximately 18 per cent of these funds for child care. Cf. *A Children's Deense Budget. An Analysis of the FY 1987 Federal Budget and Children*, Washington, DC: Children's Defense Fund, 1987, Children's Defense Fund, *op cit*, p. 288.

18. These grants have been authorised since the approval of the 1967 Amendments to the Social Security Act. In the expenditure of the monies thus allocated, states have apparently given priority to protective day-care services for children at risk of abuse and neglect, and for handicapped children rather than to general child-care programmes. Cf. J.D. Marver and M.A. Larson, "Public Policy Towards Child Care in America: A Historical Perspective", in *Child Care and Public Policy. Studies of the Economic Issues*, Lexington, Mass.: Lexington Books, 1978, p. 75.

19. The Dependent Care Resource and Referral/School-Age Block Grant was passed by Congress in 1984. It initially authorised $20 million in payments to be made to states for each of two years. Congress did not, however, allocate any funding to implement this legislation for fiscal year 1985, whereas for fiscal year 1986 it approved an expenditure of $5 million.

20. The Children's Defense Fund provides the following examples of the federal dependent care credit at different income levels.

Income	Per cent of child-care expenses allowed as credit
$0-1 000	30%
$14 000-16 000	27%
$20 000-22 000	24%
28 000 and over	20%

Cf. Children's Defense Fund, *op. cit.*, p. 285.

21. Only four provinces and territories provide places in licensed child-care servic[illegible] for children from low-income families completely free of charge. Most provinces and territorial governments provide licensed child-care services with subsidies towards start-up and expansion costs, as well as costs related to the purchase or maintenance of equipment.

22. Except in Quebec, which has a separate income tax system, this deduction must be claimed by the parent with the lower income. The policy of using tax deductions has been criticised because, in its present form, it provides relatively greater benefits to higher-income families. The following table illustrates this aspect of the current system.

Estimated Value of the Child-Care Deduction (1987)

Family income C$	1 parent 1 child	2 parents 1 child (50/50)*	2 parents 1 child (70/30)*
5 000	0	0	0
10 000	187	11	5
20 000	583	594	437
30 000	800	674	606
40 000	765	601	544
50 000	918	648	578
60 000	918	716	581
80 000	1 040	765	612
100 000	1 040	918	716

* Figures refer to the distribution of parental income.
Source: Rapport du Comité spécial sur la garde des enfants, 1987.

23. Cited in R. Davie, "Early Child Care and Education in Britain: Current Developments and Issues", paper presented to the OECD/Emilia Romagna Seminar on "Participation and Management in Child-Care Services: Are the Perspectives Changing?", Bologna, 17-19 October 1984, p. 19.

24. Nordic Statistical Secretariat, Social Security in the Nordic Countries, Helsinki, 1984, pp. 72; Side by Side. *A Report on Equality between Men and Women in Sweden 1985*, Stockholm, 1985, p. 54.

25. Cf. S.B. Kamerman and A.J. Kahn, *Child Care, Family Benefits and Working Parents, op. cit.* pp. 103-104.

26. It should be noted, however, that other social criteria also play an important role in determining access to municipal child-care services. The Social Services Act of 1982 stipulated that children requiring help for linguistic reasons are to be given priority in admissions. And, although single parents, of whom in 1978 there were 270 000, do not necessarily have particular priority in access to child-care services, municipalities may incorporate family status into their admission criteria. In 1978, the municipality of Stockholm, for instance, granted priority to children of single parents and parents with low-income levels; to children whose parent(s) were employed in the fields of medical care and pre-school education; to children who had a place in a day nursery and moved within or to the city; to the younger siblings of children who already had a place in a day nursery.

27. Cf. A. Jamrozik, S. Drury and T. Sweeney, *Innovation and Change in the Child and Family Welfare System*, Social Welfare Research Centre, University of New South Wales, SWRC Reports and Proceedings, No. 57, 1986, Chapter 5.

28. The fee-relief scheme applies to child-care centres and family day-care schemes. It operates on a sliding scale based on family income and is subject to an upper limit. Families qualifying for fee relief pay the appropriate reduced fee to the child-care centre or child-minder and the balance is disbursed to the centre or minder by the Commonwealth authorities. Cf. Commonwealth Department of Community Services, *A Guide to the Programs and Services of the Commonwealth Department of Community Services*, Canberra, 1986.

29. These funds may cover up to 100 per cent of the cost of buying land or property or the cost of building or renovating premises, and may contribute to the expenses incurred for equipment and furniture. Up to 1985, pre-schools received Commonwealth funding via a block grant to states and territories, but such funding has now ceased.

30. For a more detailed description of the services offered in these countries, see Annexes 9.1 and 9.2.

31. Demand may be estimated in a number of ways. The most straightforward measure is to equate it with the number of children in a particular cohort and thus to evaluate coverage by comparing the number of places in child-care services to the size of the cohort. Some countries (and child-care analysts) equate demand with the dependent children of parent(s) who are working or studying. Other approaches, elaborated by child-care analysts in Great Britain, suggest three different methods to calculate the shortfall of child-care services: the ratio of children per place; the "lone parent" method; the "ethnic minority" method. The "lone parent" method estimates demand at 40 per cent of children under five in one-parent households and in households in which the mother is economically active, and at 25 per cent of children in other two-parent families. The "ethnic minority" method estimates demand at 60 per cent of children under five in households whose head was born in the "New Commonwealth" or in the "Rest of the World", and at 20 per cent of children in other households. (Cited in Greater London Council, Women's Committee/Ethnic Minorities Committee, "Research on Day Provision for Under-Fives in London", Report 9.7.85, mimeo, pp. 25-26).

32. Commission des Communautés européennes, Direction Générale des Affaires Sociales et de l'Education, *Les équipements et services collectifs de garde des jeunes enfants de 0 à 3 ans dans la Communauté européenne, Note de synthèse*, V/123/85-FR, pp. 7. The report itself estimated that, within the European Community, places were available in some form of child-care service for approximately ten per cent of the children under the age of three. This figure is purely indicative, however, and masks significant variations among EEC countries. For those countries which have also been included in the survey on which this chapter is based, the report provided the following estimates:

Germany	c. 3.0% (1977)
France	c. 35.0% (1980)
Italy	c. 3.9% (1980)
Great Britain	c. 5.8% (year not specified)

Cf. C. Pichaut, *Day-Care Facilities and Services for Children under the Age of Three in the European Community*, Commission of the European Communities, Directorate General for Employment, V/1784/83-EN, p. 55.

33. Annex 9.3 provides a brief illustration of the situation in each country.

34. For example, cf. D.S. Lero (principal author), and the National Day Care Research Network, "Parents' Needs, Preferences and Concerns about Child Care: Case Studies of 336 Canadian Families", Final Report of a Study Commissioned by the Task Force on Child Care, mimeo, February 1985; and S.B. Kamerman, "Child care services: a national picture", *Monthly Labor Review*, 106:12, 1983, pp. 35-39.

35. Thus, for instance, the French Ministry for the Rights of Women estimated that in 1985 there were only 30 places in day-care centres for every 1 000 children under the age of three. There were 100 places in Paris and the surrounding region, but only 14 in the Département du nord. (Cf. Ministère des Droits de la Femme, Service droits propres et développement de l'économie, Note à l'attention de Dominique Dalmas, Objet: Les modes d'accueil des jeunes enfants). Parisian children therefore have far higher rates of enrolments in crèches than do children living elsewhere, as follows:

Paris	Other Urban	Rural
25.9%	6.1%	0.7%

Cf. C. Gokalp and M.G. David, "La garde des jeunes enfants", Population et Sociétés, 161, 1982, pp. 2. Similarly, in Sweden in 1983, the coverage rate for under-sevens in day nurseries and family day homes was 55 per cent in Stockholm, but 30 per cent or lower in some rural communities. Statistics Sweden, *Children's Day Homes and Family Day Homes on December 31, 1983*, Stockholm, 1984, p. 9.

36. Cf. E. Lucchini, "Gli asili-nido in Italia", *Riforma della Scuola*, 12 (1986).

37. Thus, for instance, a survey conducted by CENSIS found that, in Italy, a higher percentage of families in which the father was a blue-collar worker left their children in the care of parents and relatives than did families in which the father was employed in white-collar or managerial and professional occupations. Cf. CENSIS, *La condizione dell'infanzia tra famiglia e istituzioni*, Rome: Ministero dell'Interno, Direzione Generale Servizi Civili, Studi, Ricerche e Documentazione, 1984, p. 143. Noberto Bottani notes that, in the United States, twice as many four-year-olds whose family income is over $25 000 are enrolled in kindergardens as children whose family income is lower. Cf. N. Bottani, "Dalla partecipazione all'autonomia. Per un rilancio dei servizi prescolastici", paper presented to the OECD/Emilia Romagna Seminar on "Participation and Management in Child-Care Services: Are the Perspectives Changing?," Bologna, October 1984, p. 8. However, enrolment rates in pre-schooling in the United States are slightly higher among children of non-white mothers and among those from single-parent families. Cf. Statistical Abstract of the United States, 1986, Table 649. Canada, too, places in formal day-care services are most used by families at the upper and lower ends of the income scale.

38. In France, for instance, such care is especially used by women in salaried, full-time employment. The greatest users are office and commercial employees, 81 per cent of whom regularly entrust their children to external child-care services. Cf. C. Gokalp and M.G. David, *op. cit.*, p. 2. In the United States, in 1984, the pre-school enrolment rate for three- to five-year-olds whose mothers were in the labour force was 55 per cent, as compared with a rate of 48 per cent for the children of non-working mothers. Cf. Statistical Abstract of the United States, op. cit., Table 214). Analogously, in Germany, kindergarten enrolment rates for three- to six-year-old children whose mothers were economically active were higher than for those whose mothers were not in the labour force or not employed, thus: mother single and economically active: 76.0 %; mother married and economically active: 72.6 %; mother married and not in the labour force or not employed: 63.6 %; mother single and not in the labour force or not employed: 58.0 %; Cf. Statisches Bundesamt: Fachserie 1 Reihe 3, 1982, pp. 96-97.

39. For instance, a study conducted by the Thomas Coram Research Unit in Britain found that mothers in higher status occupations (that is, professional and managerial ones) were more likely to entrust their young children to the care of day nurseries and child-minders than mothers in lower status (that is, clerical and sales-related) employment. Cf. E.C. Melhuish, P. Moss and J. Brannen, "Comparisons of Women and Children Who Use Various Forms of Day Care," London, mimeo, July 1985, Table 1, p. 3. In France, Desplanques noted similar distributions in the use of outside-the-home care. Cf. Desplanques, "Modes de garde et scolarisation des jeunes enfants: *Economie et statistique*, No. 176, April, 1985, Table 6, p. 34.

40. In the United States, mothers whose husbands are present use group-care centres to care for their youngest child under the age of five less than all other mothers (13.4 per cent as opposed to 20.2 per cent). Pre-school enrolments are slightly higher among the children of single parents. In Germany, enrolments in kindergarten are higher for the children of economically active single mothers than for economically active married mothers, but lower for single mothers than for married mothers who are not employed or not in the labour force. Cf. notes 56 to 58 above; and US Bureau of the Census, *Current Population Reports*, Series P-23, No. 129.

41. Cf. Jamrozik, Drury and Sweeney, *op. cit.*, Table 5.1.

42. Commonwealth Department of Community Services, (see note 28).

43. Public subsidies to free providers of children's day care, were thus, between 1970 and 1984:

Year	in 1970 DM	in 1980 DM
1970	100.0	
1980	402.1	100.0
1981		103.4
1982		102.8
1983		92.8
1984		97.0

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Cf. Statistiche Bundesamt: Fachserie, K., Reihe 2; Fachserie 13 reihe 6; Fachserie 13 reihe 6.1; *Monatsberichte der Deutschen Bundesbank*, August 1980, p. 68; March 1985, p. 72.

44. *Rapport du comité spécial sur la garde des enfants*, Santé nationale et bien-être social, Ottawa, 1987.

45. Federal funding which was not related to the dependent care tax credit increased by approximately 12 per cent between 1980 and 1986, whereas the inflation rate was 31 per cent between 1980 and 1985. Cf. A.J. Kahn and S.B. Kamerman, *Child Care: Facing the Hard Choices*, Boston: Auburn Pub., 1987. With respect to direct federal subsidies for child-care services, it should also be noted that Title XX SSBG monies appear to be at 52 per cent of the 1977 level and at 72 per cent of the 1981 level. Cf. Children's Defence Fund, *A Children's Defense Budget*, Washington, DC, 1986, p. 288. Despite this general trend, in constant terms, federal funding for "Headstart" has continued to increase. Between 1978 and 1980, it increased by 8.96 per cent; between 1980 and 1985, it increased by 11.98 per cent. Data provided by Child Trends, Inc., October 1986.

46. Nordic Statistical Secretariat, *Yearbook of Nordic Statistics*, various years; and *Social Security in the Nordic Countries*, various issues.

47. While in constant 1980 terms, current expenditure for écoles maternelles increased by 25.5 per cent, capital expenditure decreased by 87.3 per cent.

48. Ministère de l'Education Nationale, *Répères et références statistiques sur les enseignements et la formation*, various years; *Statistiques des Enseignements, Tableaux et Informations*, various years.

49. Data concerning children under twelve not attending school presumably refer primarily to children of pre-school age, that is, under the age of six. These data are drawn from the 1980 national Child-Care Survey conducted by the Australian Bureau of Statistics. Its results are summarised in Coleman, M. "Child Care Arrangements for Lone Parents", paper presented to a Conference at the Centre for Continuing Education, Australian National University, Canberra, July 1981, and in Jamrozik, Drury and Sweeney, *op. cit.*, Chapter 1.

50. Cf. *ibid.*

51. Cf. Statistisches Bundesamt: Fachserie 1 Reihe 3, 1982, pp. 96-97.

52. Cf. Ministère de l'Education, *Note d'information*, No. 86-17, April, 1986, and G. Desplanques, "Modes de garde et scolarisation des jeunes enfants", *Economie et statistique*, No. 176, April 1985, pp. 27-40.

53. Cf. *Side by Side* (see note 24), p. 54 and Statistics Sweden, *Children's Day Homes and Family Day Homes on December 31, 1983*, Stockholm, 1984, pp. 11 and 20.

54. National Children's Bureau, "Why Provide for Under-Fives?", *Highlight* 52, 1982, p. 1.

55. Data are provided in R. Davie (see note 23), p. 7. All figures regarding Scotland refer to 1982.

56. 5.5 per cent were cared for in their own homes by a person who was not a relative. Cf. United States Bureau of the Census, *Current Population Reports*, Series P-23, No. 129.

57. Cf. *ibid.*

58. Cf. *Statistical Abstract of the United States*, 1986.

Chapter 10

VALUING THE UNITED STATES INCOME SUPPORT SYSTEM FOR LONE MOTHERS

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INTRODUCTION

The financial problems of lone-parent families are unmistakable. In 1985, in the United States the poverty rate for families with children headed by women exceeded 50 per cent when the value of all government transfer aid was excluded[1]. The rate was 40 per cent even after including the value of cash and non-medical in-kind benefits provided by the government. By contrast, the poverty rate for two-parent families with children when government aid was not counted in income was 12 per cent and 10 per cent when non-medical transfers were counted[2].

Recently the Family Support Act of 1988 was passed. Hailed by proponents as the first major change in "welfare" since the great depression, it requires many recipients to participate in some sort of job search, training or work activities which in turn must be provided by the state. In addition it provides some temporary transitional support for child care and medical care for those leaving public assistance.

Virtually all observers agree that increasing the demands and supports for work through job search training, mandatory work programmes, day care, medical protection and other measures, will alter the situation somewhat for lone parents. But there is also agreement that these measures as provided in the Family Support Act will have a modest effect at best. Even if far more expansive legislation were passed it would not lower poverty rates for lone parent families to anything like the 12 per cent of two-parent families or the ultimate goal of zero per cent. Thus direct income maintenance programmes continue to command attention.

This chapter explores support strategies from the American perspective. It is quite clear that on many counts the United States outlook is quite different from that of most European countries. From a European standpoint even a progressive American view often appears quite conservative.

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INCOME SUPPORT IN THE UNITED STATES

The chapter starts by very briefly describing the American system of income protection and uses an evaluation of that system in order to generalise about the logic behind various alternatives. Only those programmes are considered which offer relatively direct non-medical assistance in the form of cash benefits or in-kind aid such as food or housing.

If there is a philosophy underlying the American system, it seems to be that people are expected to provide for themselves through their own work unless there is a good reason why they cannot or need not assume responsibility for themselves. The most generous benefits have been reserved for the elderly and totally disabled. Those who are unemployed receive temporary assistance if their unemployment has been caused by forces beyond their control. Those in lone-parent families receive some assistance, but the aid has become more meagre over time. Finally, those who are healthy, who do not qualify for unemployment compensation, and who are not lone parents, qualify for only very limited protection through the food stamp programme and some modest state "welfare" programmes.

There are three basic tiers of support in the United States. The first is the Social Security system. Designed in the 1930s and expanded over the years, it provides relatively generous aid to three groups: the aged (those over 62), the totally disabled, and the spouses and children of deceased workers. Benefits are based on past contributions to the system, with account taken of the fact that younger workers who become disabled or die necessarily have less time in which to contribute. The programme is financed through payroll taxes levied both on employers and employees.

The programme appears to be immensely popular and politically solid; polls show very strong support for it by citizens across the board. In the current period of fiscal stringency it is virtually inconceivable that the assistance given to existing beneficiaries will be cut in any significant way. Although there are periodic attempts to tighten up standards for disability benefits, and even though some economists claim that the system has created distortions in savings behaviour and in the work of the elderly and some other groups, there seems very little demand for anything other than modest changes in the system.

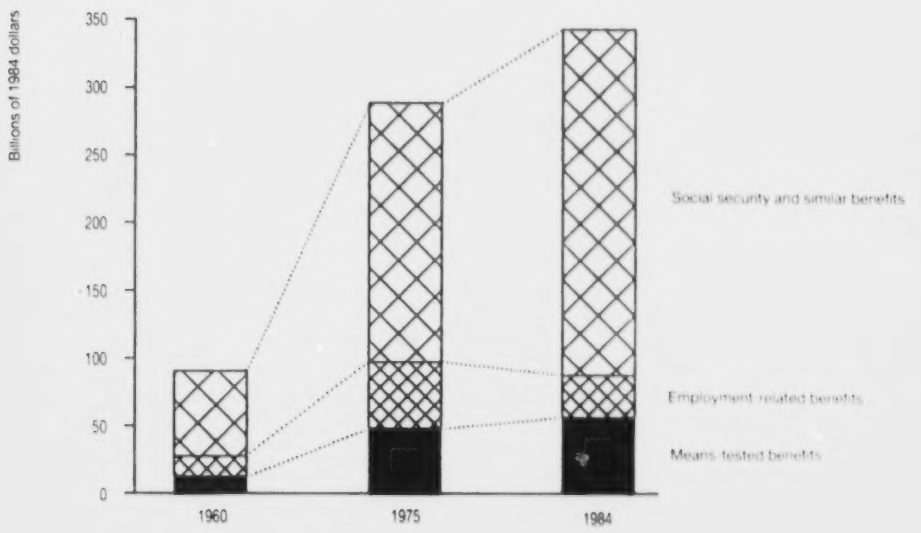
The second tier is employment-related benefits, principally workers compensation (WC) and unemployment insurance (UI). These are largely administered by the states in conformity with some federal guidelines. Workers' compensation provides aid to those injured on the job[1]. Unemployment insurance typically provides a maximum of 26 weeks of benefits for those with previous work experience who are laid off by their employer for economic reasons. For both WC and UI, benefits are tied to past experience and earnings, and money is collected by means of a special tax on the employer towards unemployment costs. Those with little or no experience do not qualify for aid. Those with a sufficient work history typically qualify for a benefit around half of their previous, pre-tax wage. In the case of UI, employers are asked to certify that the worker neither quit his job nor was fired for bad behaviour.

Employment-related benefits also seem popular. Public concern seems to arise mostly when the system experiences a financial crisis, which, in the case of unemployment insurance, occurs most commonly when a severe recession comes along and funds become rapidly depleted. There also appear to be some concern in the public and, certainly, within the academic research community that UI benefits lengthen the duration of unemployment. Still, there have been very few changes to the basic outlines of the UI system over many years and those calling for "reform" rarely demand cuts in benefits or new restrictions on recipients.

The third and final tier of protection is means-tested benefits, which are quite different in philosophy and structure from the other two. They are programmes whereby benefits are inversely related to income, the poorest participants receiving the highest benefits. The two major programmes are Aid to Families with Dependent Children (AFDC) and Food Stamps. AFDC gives benefits mostly to lone mothers[4]. Food stamps are available to all poor persons, but only food coupons are given out and the benefits are limited to the expected cost of food for the person or family, less one-third of the family's income (which is the amount they are expected to contribute to the cost of food). In addition, there are some housing assistance programmes and certain state welfare programmes which offer limited assistance to others.

States set their own level of benefits for AFDC. None currently offers combined AFDC and food stamp benefits which reach the poverty line. The state average for a family of four with no income was roughly $7 300 in 1986, 65 per cent of the poverty line for that size of family[5]. Welfare programmes have never been popular. The public has maintained a consistent scepticism towards welfare. In 1984, according to a National Opinion Research Center (NORC) survey, some 41 per cent of Americans felt that too much was being spent on welfare. Only 25 per cent thought too little was being spent. According to political scientist, Hugh Heclo, "The general pattern has varied little since the New Deal: since 1935 a majority of Americans have never wanted to spend more on welfare"[6]. What the American public seems to understand by welfare is income-tested aid to healthy, non-

Chart 10.1. **EXPENDITURES IN MAJOR INCOME SUPPORT PROGRAMMES IN THE UNITED STATES**
(1984 dollars)



Source: Ellwood, David T. (1988). *Poor Support: Poverty in the American Family*. New York: Basic Books.

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elderly persons and families, particularly AFDC and food stamps. It is that definition that will be used here.

There are income-tested programmes for those elderly and disabled persons who qualify for very small Social Security benefits. But these are not viewed in the same light as welfare. Moreover, because beneficiaries are not expected to work, these programmes also attract very little political heat.

The considerable scepticism with which Americans view means-tested benefits for the healthy of working age clearly does not arise because of a high level of expenditures on the poor. Chart 10.1 shows the level of spending on these three types of programmes in 1960, 1975, and 1984. Social Security claims the lion's share of income-support costs. Means-tested benefits were $57 billion in 1984 or 1.5 per cent of gross national product, including the money spent on the elderly and disabled. Means-tested benefits for the young and healthy were just over $40 billion. There was one period of dramatic growth in such expenditures during the late 1960s and early 70s, but for most families real benefits have fallen since that time. Benefits targeted to the poor remain rather modest.

It has already been shown that the poverty rate among lone-parent families is remarkably high and that welfare expenditures are not large. Yet today even liberals in the United States (defined as politically left of centre) make only weak calls for expansion of welfare-based programmes. The lesson being drawn by many analysts is that income-tested programmes are not a desirable way to aid poor but healthy Americans, even lone parents. The natural question to ask is whether welfare and welfare-like support mechanisms deserve their bad name and whether alternative mechanisms might be better received.

OF GOALS AND VALUES

In order to evaluate income-support systems it is necessary to know what goals they are trying to achieve. In academic writings, among the goals mentioned most prominently are strong work incentives, horizontal and vertical equity, encouragement of family stability, target efficiency (getting the most value for the dollar by effectively targeting programmes), and administrative feasibility[7]. Recently, in books aimed at a broader readership, especially those written by conservative authors, a subtle shift in emphasis has emerged. This literature has suggested that we need an income support system more in concert with "American values". Apparently, these authors recommend appraising policies relative to a set of values rather than a set of goals.

The altered terms of the debate may seem to reflect a change in language rather than in orientation. After all, the calls for work incentives or for family stability surely arise from the values of work and family. Still, terms such as horizontal and vertical equity are often used to suggest that persons with similar pre-transfer incomes should be treated similarly. Those who push the values orientation reject such a view out of hand. Why should a disabled person and an unemployed teenager be treated the same simply because their incomes match? Equity and equality become vague and ill-defined when they are espoused as general goals devoid of a more fundamental set of principles. The notion of starting with some key value precepts and using them as the basis for the evaluation of a social welfare system is both logical and fruitful. A social welfare system which taps into and reinforces so-called "basic values" is likely to command far more popular support from the poor and non-poor alike than one which brings such values into conflict. Moreover, the notion that

values are likely to vary in some degree across countries and thus point towards different support strategies in each is only natural.

It is more than a little pretentious, perhaps even dangerous, to seek to identify a set of values which pervades particular societies, especially a society with as much ethnic, racial and cultural diversity as the United States. Yet in the American setting, it is possible, without too much injustice, to identify a few key value precepts which might be considered in evaluating social policy. Thus, four basic tenets seem to underlie much of the philosophical and political rhetoric about poverty:

Autonomy of the individual.

Americans believe that they have a significant degree of control over their own destinies. It is the general belief that people can provide for themselves if they are willing to make the necessary sacrifices. The rags to riches American dream pervades the culture. The rugged individualist wins respect even if his behaviour borders on the eccentric or even criminal.

Virtue of work.

The Puritan work ethic is fundamental to American conceptions of self-identity and the expectations of members of society. People ought to work hard not only to provide for their families, but because laziness and idleness are seen as indications of weak moral character. The idle rich command as much disdain as envy. The idle poor are scorned.

Primacy of the family.

The primary social and economic unit remains the nuclear family. Certainly, the family's foremost responsibility is raising children. Families are expected to socialise children, to insure their safety, to guard over their education, to impose discipline and direction, and to insure their material well-being while they are young. Husband and wife are also expected to support each other.

Desire for and sense of community.

The autonomy of the individual and primacy of the family tend to push people in individualistic and often isolating directions. But the desire for community remains strong in everything from religion to neighbourhood. Voting, which is largely irrational in a purely individualistic model of behaviour, can only be attributed to a larger sense of community and duty. Compassion and sympathy for others can be seen as flowing from a sense of connection and empathy with others[8].

These precepts lead to some goals which are very similar to those usually cited. The desire for strong work incentives obviously falls out of the virtue of work. The goal of family stability clearly derives from family values. The preference for self-support is linked to the first three precepts. Autonomous individuals and families ought to provide for themselves through work. The desire for a system which treats people with dignity and respect comes out of a sense of community.

Yet other goals which are frequently espoused by evaluators, notably those concerning equity, do not connect so easily. The idea that there are deserving and undeserving poor is quite natural given these precepts. When people are in trouble as the result of events beyond their control and when they cannot realistically be expected to work, the sense of community leads to a compassionate desire to help. The obvious example is the disabled. But when people are perceived as being at least partially responsible for their own condition, with work opportunities not being pursued, then the sense of compassion flowing from the sense of community is tempered by frustration that other responsibilities are not being exercised. Healthy but unemployed individuals not living in areas of high unemployment are sometimes seen to be in this more ambiguous situation.

Another goal that does not flow easily from these values is that of target efficiency. Though the appeal of getting value for money is obvious, the willingness and desire to help are probably best seen as flowing from a sense of common identity and community. Programmes which target certain segments of the population may serve to isolate and stigmatise them, creating an "us versus them" mentality. Programmes which integrate rather than isolate seem far more likely to command support from the poor and non-poor alike.

Using this set of value precepts, it is relatively easy to understand the popularity of Social Security since it reinforces all of these precepts rather than bringing them into conflict. The system rewards work and responsibility by linking benefits to past earnings. Benefits are limited to people who are generally not expected to work, so there is little fear that they will heavily discourage work among those who are expected to do so[9]. Moreover, benefits are based on age, disability or death, conditions largely outside the control of the individual. Though a few observers have expressed worry that Social Security has interfered with the extended family by giving the elderly the option of living independently, neither the elderly nor their children seem unhappy with the increased flexibility that the system offers. In addition, the system reinforces family values by tilting benefits in favour of couples and families with children. A worker who is married to someone who has worked little will receive higher benefits than another worker with the same earnings history but no spouse. Children can get survivors' benefits if a worker dies. Finally, because the system is provided to virtually all workers, it is perceived as middle-class, reinforcing the sense of community and not isolating recipients.

Similarly, the appeal of workers' compensation is understandable since it is much like the disability protection of Social Security. Benefits are linked to past work, based on readily verifiable conditions and available to nearly all workers. Unemployment Insurance is a bit more ambiguous. The programme taps into the values of work and responsibility by offering help only to experienced workers and linking benefits to past earnings. Moreover, it is a universal programme and thus links into the sense of community. But it can interfere with work since benefits are given to the unemployed. Certain seasonal industries are in a far better position to "exploit" the system so that not everyone is really equally protected. Nonetheless, UI has largely overcome the potential conflicts in values by means of several devices. Benefits are limited mostly to those who were laid off work through no fault of their own and are generally restricted to 26 weeks. There are job search requirements for those getting UI. Employers whose workers make heavy use of UI, because of frequent lay-offs, are taxed at a higher rate so that a sense of fairness is maintained.

The means-tested programmes are not so popular. They do not seem to do a very good job of reinforcing any of the value precepts. Thus, the United States now has a system of support for lone parents that virtually every one finds unsatisfactory, though often for very different reasons.

Aid to the poor creates the least value conflicts when it is directed at people who are not likely to have much responsibility for their condition and who are not expected to work. From the beginning, monies for the poor were mostly directed at three groups: the aged, the disabled, and lone parents. The aged and disabled are still perceived as not being responsible for their condition and not expected to work. When the AFDC system was formed, the bulk of lone parents were widows who were expected to be covered under the Social Security system. The few remaining persons were seen as women who had been abandoned by their husbands and thus needed aid. In a time when the labour force participation of mothers was very low and when divorce and out-of-wedlock births were quite uncommon, these families seemed as needy as the aged.

But aid to lone parents is no longer seen in this light. The dramatic growth in the number who are divorced, separated and never married has for many undermined the view that lone parenthood is completely beyond the control of the persons affected. Of particular concern has been the dramatic growth in the fraction of children born to unmarried women, which has risen from 5 per cent in 1960 to 21 per cent in 1984. Among non-whites the rate has risen from 22 to 51 per cent over the same period. Even more importantly, the dramatic increase in the labour force participation of married mothers, particularly married mothers with young children (rising from 11 per cent in the late 1940s to well over 50 per cent today) has made it seem far more reasonable to expect lone mothers to undertake some paid work.

In recent years, antipathy towards lone-parent welfare programmes, particularly AFDC, has become quite pronounced. If one explores such a programme in light of the value precepts above, it is not very difficult to see why this is so, especially during a period when paid work among mothers is rapidly becoming the norm rather than the exception. If one evaluates income-tested assistance for lone mothers according to the value precepts, one finds conflicts in every single case. Let us examine each one.

Autonomy

The stress on autonomy can be seen as pointing in at least two major directions with respect to welfare policy. The first, which is in the liberal tradition, would stress the need for choices and options so as to increase autonomy and control by the individual. Welfare benefits can open up options and give people increased control and direction over their lives. The second, which is in the conservative tradition, would focus on "dependency". Here the fear is that people get trapped or addicted to welfare, failing to exercise appropriate responsibility and control, becoming simply wards of the State.

It can be seen immediately that welfare creates conflicting impulses. The provision of welfare can be seen as increasing or diminishing personal autonomy. Welfare frees women from what some see as exploitation in the labour market and from being forced to work while leaving the bulk of child-rearing to others. It may also give women somewhat more flexibility to escape an unhealthy relationship. Simultaneously, welfare can make lone parents dependent on the State and subject to its rules with very little sense of control or direction over their own lives. Financial aid can thus be seen as potentially freeing people to make better decisions or removing the impetus to make any. It is both logical and plausible that it should have different effects on different people. These conflicting impulses do not

arise when the chief form of support is earnings. For middle-class families, responsibility, control, and autonomy typically point in the same direction of work and earnings. But welfare is explicitly a substitute for other sources of income.

One of the major features of the recent debate over welfare in the United States is that both sides seem to have adopted the position that self-support is preferable to welfare. Very few argue that the use of long-term welfare is a positive sign. The debate centred far more over who is responsible for long-term use and what should be done about it. Long-term use is often seen by liberals as evidence of a failure of society to do enough for lone parents and by conservatives as proof of the failure of lone parents to do enough for themselves. Both sides seemingly agree that the United States welfare system, with its mass of rules, regulations, required verification of income, isolation and stigma, has not very effectively increased the control, responsibility or autonomy of the poor. The liberals continually complain that the lack of support services, training, day care, medical benefits, and the like, hampers people in their efforts to attain self-support. Conservatives have always thought of welfare as more of a narcotic than a salve. For them welfare benefits remain too high.

What is striking in the recent American debate, then, is that both sides seemed to agree that the loss of autonomy and control associated with long-term receipt of AFDC is undesirable. In that political debate only very few voiced the view that the problem with welfare is that it is not generous enough to provide a really satisfactory alternative to self-support.

Interestingly, there also seemed to be some agreement that short-term welfare use is legitimate and acceptable. Short-term aid, transitional assistance which helps people during a time of crisis until they are able to regain their autonomy, meets the goals of both groups. Thus, for both sides the legitimacy of welfare can be judged by the extent to which it is a long- or short-term source of aid.

The evidence on the actual duration of welfare use figured rather prominently in the debate. For those starting on welfare for the first time, the expected duration of their first spell of welfare, a period of uninterrupted receipt, and the total time on welfare, including multiple spells, is shown in Table 10.1[10].

Table 10.1. **Distribution of spells and total time on welfare for those beginning on welfare**

Time on AFDC	Distribution of single spells	Distribution of total time on welfare counting all spells
1 year	29	16
2 years	19	14
3 years	10	9
4 years	11	11
5 years	3	5
6 years	7	8
7 years	5	6
8 years	3	4
9 years	2	3
Over 9 years	12	24
Total	100	100

Source: Ellwood (1986), "Targetting the 'would-be' long-term recipient: who should be served?", Princeton, N.J.: Mathematic Policy Research.

The figures reveal two sides to welfare. The majority of those who start on welfare receive it for 4 years or less; the largest proportion of single spells lasts less than 2 years. Still, one quarter of those who come on to welfare accumulate 10 years or more according to these estimates. Even more importantly, the group which stays on a very long time consumes a very disproportionate share of resources. One person who stays on for 10 years will typically receive ten times as much welfare money as one who stays on for a single year. As a result, the 24 per cent of persons who stay on welfare for 10 years or more receive roughly two-thirds of the benefits paid out and equivalently represent roughly two-thirds of those on welfare at any point in time.

The group that stays on a long time and receives such a disproportionate share of the resources tends to be young, never-married women, with poor education and limited work experience. In part, this reflects their weaker position in the labour market, but it should be noted that the way in which most women leave welfare in the United States is not thanks to their own earnings but through marriage, the loss of eligibility, or an increase in other forms of support.

Thus, welfare in the United States is now seen as fulfilling a dual role: it provides short-term transitional assistance for the majority of those who ever use it; it provides long-term income maintenance for a substantial minority. And as an income maintenance device, it is neither generous nor supportive.

Work

One obvious route to self-support is work. A great deal of the academic research in the welfare area has sought to determine just how much difference the provision of benefits has on the motivation to work. What is in dispute is not whether welfare or other income supports reduce work but by how much. Welfare has two effects: *i)* it provides income which reduces the pressure to work; *ii)* because it is means-tested, benefits decline as earnings rise, and the reward to work is lessened. (Each hour of added work brings a smaller increase in income since welfare-benefit reductions partially offset gains from earnings).

Though advocates and reformers have often sought to encourage people to combine work and welfare, in reality they are rarely combined simultaneously. Moffitt's summary of the literature shows that those who are actually collecting AFDC rarely work[1]. Between 1968 and 1981, only about 15 per cent of recipients were working at any one time. In recent years, during which rules have been changed making working recipients ineligible (because benefits are low and they are reduced dollar for dollar with earnings), the percentage has fallen to under 7 per cent. This figure can be misleading. Many women appear to work part of the year and to be on welfare during another part. But during the period when they are collecting benefits, little work is reported. Thus, both because of the economic features of the welfare system and because of the frustration and requirements imposed by it, especially on those who work, the so-called "working poor" lone parents get very little welfare support. The conflict in values and direction is then quite stark. Some of those who are working seem no better off than those who are not. Thus, even if welfare did not influence work behaviour at all, the current welfare system creates a clear distinction and conflict among working and non-working persons.

Welfare itself does influence work behaviour at least to some extent. Moffitt's review of the large number of studies which have examined the labour-supply effects of welfare suggests that those now on AFDC would increase their current average hours of work from 9 hours to perhaps 14 hours if the programme were abolished, implying that the programme reduces work by 30 per cent. Results of the negative income tax experiments summarised in

Burtless show that a 10 per cent increase in income leads to a 2 per cent reduction in work by lone parents[12]. Unfortunately, there are no findings available to examine the impact of programme characteristics on dependency and work behaviour over many years.

Whether these impacts are perceived as large or small is largely a matter of interpretation. The 30 per cent reduction in work looks big, though a five hour per week absolute change seems less extreme. Moreover, if Moffitt's estimates are accurate, average hours of work for those currently on welfare would reach only 14 hours per week in its absence. This would leave them and their families very poor indeed. In the current political climate any reduction in work hours is perceived as undesirable. Yet welfare for lone mothers exists in part to reduce the burden of support on them. Until recently, AFDC existed precisely because lone parents were not expected to work and because of worries that if they were uniformly forced to do so by economic necessity, their children might suffer. Still, in the current climate where a sizable majority of married mothers work at least some of the time, reductions in work are viewed as evidence of the weakness of the welfare system.

Economists used to argue that by reducing the "benefit reduction" or marginal tax rate (the rate at which benefits are taken away as earnings rise), the higher return would lead to additional work. But both programmatic changes and experimental data have shown that work effort is highly insensitive to changing this rate. Indeed, even a series of dramatic changes in benefit-reduction rates instituted by the Reagan administration, to the extent that effective tax rates for those on welfare are often now at 100 per cent, seem to have had only very modest effects on the work behaviour of low-income lone parents.

So here, too, one is left with an uncomfortable and ambiguous result. Welfare clearly reduces work effort and, as such, must inhibit, at least to some degree, a movement towards independence through earning. Still, the overall changes are modest, at least by some standards. Without welfare support, the existing evidence indicates that these families would be very poor. Moreover, incremental changes in the parameters of the welfare system seem unlikely to increase the level of work effort.

Family

Discussions about changes in female-headed families with children are now common in the United States. The figures are dramatic. In 1960, at any one time, just 7 per cent of the families with children were female headed[13]. By 1985, the figure was roughly 20 per cent[14]. But these figures understate the magnitude of the change. We have reached the point where the majority of children born in the United States today will spend some part of their childhood living in a lone-parent home. The problem in the minority community is frightening. As noted above, within 25 years, we have moved from the point where less than a quarter of all non-white children were born out of wedlock to a position where over half of them are. In addition, never-married mothers seem to have the longest stays on welfare.

The public attaches a significant part of the blame to welfare. The overwhelming majority of Americans, including a majority of the poor, believes that poor women "sometimes" or "often" have children out of wedlock in order to become eligible for welfare[15]. The logic is obvious: since welfare provides support to poor lone mothers and not to most other persons, there is a financial incentive to become or remain a lone parent. Indeed, since lone parent families are far more likely to be poor than two-parent ones, any means-tested income support system will disproportionately benefit lone parents and thus provide the ability and incentive for women to live more independently. The main question, again, is how large an effect is there?

To the surprise of many, most of the available evidence suggests a very small impact of welfare on family structure and an especially small impact on births to unmarried women[16]. The literature has been criticised on many counts, and recent results suggest a somewhat larger impact. Still, a few facts suggest that welfare has not been the driving force behind family changes. Real inflation-adjusted welfare benefits have been cut by nearly a third over the past 15 years. Yet this was the period of fastest growth in the number of lone-parent families. Indeed, during this period when the number of children in female-headed homes grew considerably, the number on welfare actually fell slightly.

Notwithstanding this evidence, very few politicians or academics argue that AFDC is pro-family in spite of the fact that the programme is obviously designed to help and protect lone-parent families. Apparently the preference for two-parent families is so strong and the feared incentives so great that AFDC worries most observers. Evidence that the influence on the family structure has been modest seems at best taken as mildly reassuring to most reformers. The reality is that welfare inevitably provides some incentive for the formation of lone parenthood. It gives the impression of having a very large impact and it may have some actual effect as well.

Community

The obvious reason for helping lone mothers with cash support is because of their severe financial need. The poverty statistics cited at the beginning of this chapter make clear just how serious the situation is. Compassion born of the sense of community impels aid. Worries about the future of the children raised in financially insecure settings also compels support. Yet welfare has done a great deal to isolate and stigmatise poor lone parents, thereby running against the desire for community. The appeal of income-testing is obvious given that it allows scarce resources to be targeted on those most in need and to allocate more to the poor for the same budget. But income-testing also requires investigation and verification. It leads to the danger of fraud. People may try to get more than they are entitled to. The result is that a wide variety of rules and regulations abound.

There is a large body of case-study literature which shows that welfare clients are often humiliated and belittled[17]. There have been dramatic changes in the way in which welfare is administered moving from a case-worker approach in the 1960s to a more bureaucratic one today[18]. But under both systems the clients often report feeling abused, isolated, and helpless.

Rules and regulations are so complex that administrators often report that welfare recipients simply do not understand what are their options and rights. The marginal incentives are even more confusing, particularly as differing rules apply across many different programmes. The experience of welfare may be far more one of dealing with stigmatisation, bureaucratic rules and conflicting signals than income guarantees and marginal tax rates. A study sponsored by the Ford Foundation, which created discussion groups of welfare recipients, talks far more about the non-economic aspects of welfare than about the incentives.

It is interesting to note that claims that the welfare system robs people of control and isolates them is one shared by those on opposite sides of the political spectrum. Some on the left, for example, Piven and Cloward[17], have even claimed that the welfare system is specifically designed to create a more docile lower class which loses its capacity to make demands on the system. Those on the right argue that it robs the poor of ambition. Both talk about the lack of dignity.

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The cost of such isolation and stigmatisation must extend beyond the individual costs to recipients. It also weakens the political support for aid. If welfare is offered out of compassion borne of a sense of community, the more the system isolates people, the more those on welfare are perceived as being different and the less support welfare programmes will have. Thus, welfare, borne of compassion and community, may serve instead to push people further away from the community and any sense of common identity.

Conflicting Values

Thus, the report card on welfare in the United States setting is mixed. Welfare programmes have transferred money to the poor. The estimated effects on labour supply and family structure are modest. Most of those who ever use the system do not become long-term users. Yet no one suggests that the system treats people well. There is little dignity and much stigma still associated with being in receipt of welfare. The bulk of the resources goes to support a more worrisome group that remains on welfare for a decade or more. Worst of all, the system commands very little public support and thus seems to be extremely susceptible to whatever political wind happens to be blowing. As implemented, the welfare system appears to be an awkward compromise in the face of conflicting values. On each value precept discussed above, welfare creates discord and dissonance. Policy-makers are forced to struggle not only with competing values or objectives, but with disparate signals presented by even a single goal or value. Generous welfare benefits seem both to enhance autonomy by increasing the flexibility of those on welfare, yet they also reduce the pressure for self-support and independence. A programme that helps people who are not earning enough to live even at the poverty line also reduces work. Support for destitute lone-parent families is seen as weakening families in general. A desire to help the most needy may also stigmatise them.

All this means that those who administer the programmes cannot decide what the policies ought to be. For example, welfare's dual role of offering transitional support to some and long-term income maintenance to others creates contradictory policy impulses. If the programme is supposed to provide dignified and generous income maintenance for those who are poor for as long as they remain poor, high benefits with minimal stigma seem appropriate. But if the programme is supposed to be transitional, then perhaps there ought to be strong pressure for people to leave the system.

It should come as no surprise, then, that welfare seems to be universally disliked. Liberals hate it because it does too little to help and because of the way it treats people. Conservatives hate it because they believe it wastes the verve and determination of those who are already suffering from shortage. No wonder it commands so little public support.

WELFARE "REFORM" ALTERNATIVES

The chronic dissatisfaction with the welfare system has led to a wide variety of alternative proposals and programmes. All the possible options will not be explored here. Instead, two major recommended directions will be discussed: *a)* mixing work and welfare; *b)* guaranteeing income, children's allowances, and other more uniform cash supports. The recent reforms enacted fall into the first group. Several earlier (failed) reform attempts were in the latter.

Mixing Work and Welfare

There are dozens of possible variations on the basic theme of tying work to welfare. The most extreme version is "workfare", which in its pure form describes a situation where recipients are expected to work in exchange for their benefits. So, for example, welfare mothers with children over six years of age might be expected to work for the number of hours needed to earn their benefit at the minimum wage.

Workfare does seem to solve some of the conflicts concerning welfare. It "resolves" the work issue by simply imposing work, which many believe increases the recipient's sense of responsibility and autonomy. It enhances the popular sense that those receiving aid must work like everyone else and thereby taps into at least some people's sense of community. The working poor can no longer look upon welfare recipients as receiving benefits for doing nothing. This sort of scheme attracts considerably more popular support than traditional welfare-based proposals.

Yet it also creates additional conflicts. If work is imposed on recipients, it hardly follows that they have a greater sense of control and responsibility over their lives. Indeed, from the recipient's standpoint there seems to be far less autonomy than before. If the preferred state is independence and self-support, it is also quite unclear whether enforced work inside the welfare system will help people gain any real independence. There is little obvious training available in the jobs which are usually proposed. It is not even clear that it will serve as an increased inducement to go and find work in the private sector. Indeed, government jobs are often eschewed for fear that they will displace private work. To make any workfare programme work, day care and other benefits would have to be provided and these are rarely found in low-paying private sector jobs.

It also raises serious family issues. Is it appropriate or desirable to expect every lone parent or every lone parent with children over a certain age to work fully? A majority of married mothers in the United States do work, but most of them work part-year or part-time. Less than one-third of married mothers work full-time all year long. It is not clear that it is fair or desirable to put lone-parent families in a situation where they must work all the time at very low pay in order to feed and clothe themselves and their families. That is especially true right after a new lone-parent family has been formed, for this is a time of considerable stress for both mother and child, when to impose even more demands may be both mean-spirited and counter-productive.

Finally, forcing welfare mothers to work in exchange for aid may further isolate and stigmatise them rather than serve to integrate them. The espoused goal of workfare advocates is to make clear to those on welfare that they, too, must work to provide for themselves. But the work burdens being imposed on them are considerably greater than those normally borne by most mothers if they are expected to work fully. Moreover, because they may actually have less control over their lives, welfare mothers may feel more isolated, more burdened, and more stigmatised.

Thus, hard workfare does not really effectively resolve the value conflicts in welfare. Not surprisingly, it has not been seriously tried[19]. Instead, a kind of work and training hybrid has been tried in a number of states, and enacted in the Family Support Act of 1988.

Since the late 1970s, several state-level schemes have been initiated and carefully evaluated. Most have required that mothers with no children under six years of age participate in some sort of job search, job training, or work programme if they are to receive welfare benefits. The espoused goal of such programmes is generally to encourage self-support and to enhance the prospects of recipients achieving it.

There is considerable diversity in the programmes tried but many general patterns. Commonly, they compel new welfare clients and those who no longer have young children first to participate in a workshop designed to help them search for jobs by providing information and seeking to instil new confidence. Persons who are unable to find work are often moved to a second stage in which they are evaluated for more extensive training or other kinds of services. In some cases, those who still do not have work after the training or other programme are then placed in "work experience" jobs for a limited period (13 weeks, for example). The work-experience component can be seen either as workfare or as a form of mandatory training.

By emphasizing long-term independence rather than mandatory work, these less restrictive forms of welfare reform create far fewer value conflicts. For if they succeed in helping people to become self-supporting, they will simultaneously reinforce autonomy, work, and sense of community. Most observers would also probably say that they help reinforce family values as well if they put the mother in greater control of her life and increase her confidence. The question of whether the children get adequate nurturing remains somewhat controversial, though far less so when the children are of school age.

But if these work-welfare schemes have only a modest impact on moving people towards independence, then the basic value conflicts in the welfare system would seem largely unresolved. Indeed, they could be seen as yet another opportunity for failure and a source of even further isolation and loss of control.

A significant number of the experimental programmes have been carefully and systematically evaluated. The results almost universally suggest that their benefits, including the increased earnings of recipients and the value of the work they perform in workfare plans, exceed the costs[20]. In many experiments, they seemed to save taxpayers' money – the reduced welfare payments received and the taxes paid by those served exceeded the cost of serving them. These programmes are clearly the beginning of an effort to change the nature of welfare and to increase the expectations of recipients to do something for themselves while increasing the efforts of government to help people get off welfare.

Unfortunately, even though the experimental programmes have often been cost-effective, and even though a move towards a more transitional system is appealing, the over all reductions in welfare dependency and costs have been quite modest. For example, San Diego county in California instituted a job search and workfare programme. Welfare recipients with no children under six years of age were required to participate in job-search workshops designed to help them find work. If they were unable to find work, they were required to work for their welfare cheque for a period of three months. The benefits of this programme exceeded the cost in a carefully controlled experiment. These findings received widespread attention nationwide. Results were so positive that the programme was part of the framework of a major new welfare initiative in California called GAIN (Greater Avenues for Independence), which extended the San Diego type of programme state-wide.

Yet when one looks at the results one finds that the total impact was quite modest. Over the course of a year, 60 per cent of those who had been in the programme were employed in the private sector at some point as compared to 55 per cent for the control group – hardly a massive change. The treatment group did earn more, but only by a little (an average of $3 800 versus $3 100 for the controls over a year). That is an increase of less than $14 per week. Those who were served used less welfare ($3 400 versus $3 700 – a fall of ten per cent). Thus, on average this programme saved $300 in welfare per year and raised earnings by $700. Although these are helpful steps they do not move us very far towards self-support or the elimination of welfare. Moreover, in some respects these figures overstate the results. Many women were exempted from participating because they had

young children or faced some other barrier to work. In fact, the overall reduction in welfare benefits from this programme would be less than 5 per cent even if the gains lasted forever[21].

Experiments across the country have generated similar findings. Annual earnings are raised $200 to $750, welfare savings are more modest[22]. The programmes typically serve only a minority of the case-load, so that the overall average reductions are even smaller. But in most cases the cost has not been large either, so that the programme has paid off. Most work-welfare programmes look like decent investments, but none has done more than make a tiny dent in welfare case-loads, even if having been greeted with enthusiasm[23].

The Family Support Act essentially requires that all states adopt some sort of work-welfare programme, similar to those which have been experimented with in the various states. By 1995, at least 20 per cent of all lone mothers with no children under three (or at state option under one) must be enrolled in one of several work-welfare alternatives selected by the state. States can offer/require job search, various educational or training services, and short-term mandatory work plans, similar to the ones discussed above. States are also compelled to offer transitional day care and medical protection for those leaving welfare. Funding for these state-run work-welfare initiatives under the Family Support Act is rather modest. The money allocated would probably not be sufficient to replicate nationally the programmes experimented with in several states. As a result, national effects are unlikely to be any larger than those cited above.

Thus the immediate impact of welfare reform on the well-being of single parents will probably be quite modest. But the Family Support Act is "revolutionary" in one sense. It represents a significant departure from the previously ambiguous goals of welfare. It codifies the apparent consensus that the role of government is to help lone-parent families achieve economic independence, mostly through work. It is a move to a more proactive role for government rather than a passive income support role. Still, if no changes are made in the basic system other than those embodied in the Family Support Act, there will be little change in the economic position of lone parents.

Thus, in the end, although the work-welfare proposals are a helpful start, they do not move many people towards independence and most of the welfare dilemmas remain. They do not really resolve the value issues. They may help movement in a better direction.

Guaranteed Income, Children's Allowances, and Other Cash Supports

The other major avenue advocated for reform is a more uniform, comprehensive and straightforward method of support. The call has been for a guaranteed income or a generous children's allowance whereby all citizens would be covered under a common system, implemented as simply as possible, that would insure that all recipients achieve at least a modest standard of living. The need for income support thus falls immediately from the high poverty rates among lone parents. But the current welfare system in the United States with its extreme complexity, the entanglement of bureaucracy facing poor mothers, the competing demands of multiple programmes, the stigma, and the limited work incentives seems to offer a sad and isolating option to lone parents. Surely a more straightforward system would be more efficient, more integrating, and more compassionate.

The guaranteed income or negative income tax (NIT) was a very popular option in the late 1960s and early 1970s. Its appeal is obvious. By creating a uniform system covering all the poor, one could hope to resolve many of the conflicts under the present welfare regime. If working and non-working poor were both covered under a single system, then the

seemingly inequitable differentiation between them could be eliminated. Those who worked could have more total income than those who did not. Similarly, since both lone-parent and two-parent families could get aid, the apparent bias towards lone-parent families could be eliminated. If the plan could be implemented like a "negative income tax", much of the confusion, stigma and isolation of welfare might be eliminated together with multiple programme demands and complex incentives. Thus, a uniform system would become a stronger reinforcement of the community spirit.

Though the idea seems appealing in theory, many of the schemes actually proposed were, in general, simplified and expanded forms of welfare. Since payments needed to be made monthly to the poor, the most obvious criterion for making them was through a monthly income test, as in the welfare system. The need to avoid fraud and target benefits that had driven welfare systems to adopt their complex rules and regulations were pressures that remained. A plan which is chiefly an expansion of the welfare system helps build community by its broader coverage and greater uniformity. The greater benefits help autonomy in the sense that people have more financial options. But it simultaneously creates a kind of dependency and continues to isolate people and to force the poor to deal with the inevitable bureaucracy.

There were concerns about the impact that a NIT would have on work and family. So a number of experiments were mounted. As expected, expanded benefits did reduce work effort to some extent. Whether the impacts were large or small depended on the point of view of the observer. The projected total effect on labour supply in the economy overall was not large. But compared to the benefits paid, the impacts were sizable. Indeed, when benefits were expanded to two-parent families, the experimental results showed that for every $3.00 that was transferred in benefits, earnings were reduced by $2.00[24].

Worse yet, contrary to many expectations, the experiments did not show increases in family stability. If anything, the higher benefits and the extension to two-parent families seemed to lead to an increase in divorce and separation. These matters remain quite controversial in the literature[25]. Still, the claim that a NIT would increase family stability carries far less weight today.

Thus, when implemented as an expansion of welfare, a NIT did not seem to resolve many of the major conflicts that the current welfare system seems to breed. Questions of autonomy, work, family, and community remained. Although a highly modified version of the NIT came very close to passage in the early 70s, there were clear hints in the defeat of inherent conflicts. A coalition of conservatives, who felt that not enough attention was being paid to work, and liberals, who felt there were too many work rules, helped to torpedo the proposal. The food stamp programme is a kind of mini-NIT. Yet it is seen in much the same light as welfare. Indeed, its connection to food (since food coupons rather than cash are given in benefits), which makes it different from the ideal NIT, seems the one feature that has helped to preserve it. Today, more comprehensive NIT plans seem to generate no political interest at all. The public has never favoured a "guaranteed income"[26].

There are income support options that are not variations on a welfare theme. They are more universal systems such as children's allowances, "demogrants", or refundable tax credits, whereby each child or person, regardless of income, receives a fixed sum of money from the government, financed out of taxes. Since the money goes to all families, it need not be seen as "welfare" for the poor. Moreover, when a programme is financed out of taxes, there is no need to use a welfare bureaucracy for testing income. Taxes are collected from those with income. After taxes and transfers, such a plan is still a form of means-tested support since the poor will pay less in taxes than they receive in allowance, whereas the rich will face the opposite situation. Yet, the programme may give more of a sense of integra-

tion. Moreover, it is highly unlikely that such a plan would lead to the extremely high marginal tax rates for persons on very low incomes implicit in most traditional means-tested transfer schemes.

Thus, allowances or credits offered to all income groups help reduce the sense of isolation and stigma. In addition, there are far fewer rules to impede autonomy. But the plans do not solve the problem of seeking work. If the cash grants are sizable enough to offer serious support, namely, an alternative to traditional welfare, then work disincentives are likely to be similar to those under the welfare system. There would still be the perception and reality of a significant number of persons living off government benefits rather than work. There might even be a greater perception that women are having children in order to obtain the additional tax benefits.

Furthermore, they are very costly. Given that there are almost 65 million children in the United States, a $1 000 annual children's allowance would cost $65 billion, more than is currently spent on all means-tested income support programmes. By itself the money would not move a lone-parent family of three very far towards the poverty line of almost $9 000. Of course, the benefits are merely a transfer, with taxes an offset to benefits for the middle class. However, these arguments have never held much political sway in the United States. Though the more uniform systems are very appealing in many respects, especially when they are of modest size, they still lead to conflicting values that rob them of endorsement, especially when they are viewed as an alternative to the entire current support system.

Damned if You Do, Damned if You Don't

The review provided here looks pessimistic. Welfare creates conflicts in values about autonomy, work, family, and community. If we try to reduce these by moving towards a work-oriented system, other conflicts arise. In the experiments tried so far, there has been little movement towards a situation of greater independence and control for the majority of those needing welfare. They are only a modest first step. Conversely, if we adopt a broader and more uniform system, we solve another set of conflicts, but worsen questions regarding work and cost. When such benefits are modestly sized, as children's allowances could be, the new conflicts are modest. When they become the primary means of income support, the conflicts become severe.

It seems easy to attack welfare. Some conservatives, such as Charles Murray[27], would eliminate public assistance entirely. But the reality is that lone-parent families suffer from very serious economic deprivation and cannot be abandoned. So the current system remains an awkward compromise among competing values. The natural question arises: how can we move towards methods of income support which are more compatible with the values and more helpful to the lone parents themselves?

TREATING CAUSES RATHER THAN SYMPTOMS

The reason that welfare-based support fares so badly is that it inherently treats symptoms rather than causes. Money seems the obvious solution to the problem of poverty. But people lack money for specific reasons. If policies can be designed to help with the real causes of poverty, it would be possible to move much closer towards a system of support

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which reinforces all values. Consider for a moment the views of the American public. Although it is against spending more on welfare, it consistently favours doing more for the poor. When the phrase "assistance for the poor" was substituted for "welfare" in the same NORC survey cited previously, only 11 per cent said that we were spending too much while 64 per cent favoured spending more. The contradiction is explained by other survey evidence which shows that the overwhelming majority of poor and non-poor Americans alike believe that the best way to help the poor is with training and jobs. Only 2 per cent say that increased income support is the best way to provide help[15].

Training and jobs are ways of helping people to earn more money and avoid poverty without the need for government welfare support. They treat the cause of poverty as perceived by the public. And in treating the cause directly they create few conflicts. Someone who gains access to a better paying job has more autonomy and has more incentive to work, is in a better position to help his or her family, and no doubt feels and is seen to be more like a member of the larger community.

The problem with a pure training and jobs approach is that the available evidence clearly shows that labour-market strategies alone will not be sufficient to deal with the plights of lone parents because these run too deep. The writer's own analysis reveals that lone parents suffer from three basic problems in the United States:

> *Labour market difficulties* – Women command relatively low wages and often occupy jobs with few benefits. A minimum wage job in the United States leaves a full-time working person 20 per cent below the poverty line for a family of three. Day care is another problem. A lack of health benefits may be a particularly acute difficulty in a country which has no national protection for those who are not on welfare.
>
> *Dual nurturing/provider responsibilities* – Lone parents are called upon both to raise and nurture their children and to provide for the family's livelihood. That is a hard and heavy burden for any parent.
>
> *The nature of the welfare system* – Until very recently the welfare system did very little to help or encourage people to move into a position of greater independence, other than by making the experience quite unpleasant. On the contrary, it is often reported to be a humiliating and even debilitating system that does more to isolate, stigmatise and frustrate the efforts of women than to aid them.

Recognising these as the key problem areas, it would seem reasonable to explore whether non-welfare alternatives might be available which treat these problems more directly. Leaving aside labour market strategies, there are clear and obvious vehicles such as wage subsidies, earned-income tax-credits, health coverage, day care, training, and raising the minimum wage, which seem to reinforce work and autonomy and family and community. Along with these measures, it ought to be possible to create a situation in which anyone who is employed will at least earn a wage above the poverty line.

The more important issue here is the dual role of lone parents. In a two-parent home there are two adults who can share and divide responsibilities in various ways. In a lone-parent home, money is rarely provided by the absent father so that the responsibility of both earning and nurturing falls on the mother's shoulders alone. It is necessary to explore what a lone mother might reasonably be expected to do and how the dual roles might be balanced. It has already been noted that the majority of married mothers now work, but only a small minority of them work full-year or full-time. They can do so because they have the support of the other parent.

The lone-parent family rarely receives aid from the father. Almost two-thirds of lone mothers report getting no child support from the father at all. So they must either support themselves through work or obtain government aid. Since full-time work at a job paying well above the minimum wage is the only way to provide for the family independently of government aid, lone parents are faced with the very difficult choice of working all the time in order to support the family or going on welfare. It seems both unrealistic and undesirable to expect women to face that stark choice, especially when a majority of children born today will spend some time in a lone-parent home.

It has already been noted that mixing work and welfare has not been particularly fruitful. A working woman on welfare may have the worst of all worlds: receiving little additional money from her work and still facing all the invasiveness and hardship of the welfare system.

If the problem stems from the fact that the dual role falls on one parent, then an obvious non-welfare source of support is the absent parent. Child support systems seem like a natural non-welfare alternative which reinforces key values. Expanded child support from the absent parent (father) commands almost universal enthusiasm. Indeed, an often overlooked feature of the Family Support Act is that it makes major improvements in the system for collecting child support. States will be required to obtain Social Security numbers of both parents at birth, to determine payments according to a formula, and to use automatic wage withholding on all new awards. Some observers regard these changes as the most important source of long-term help for lone parents in the act. Suppose a woman knew for sure that she was going to receive at least $2 000 per child. If labour-market strategies had also been used so that the woman could count on earning $5 per hour, she could escape poverty and welfare by working half-time. Unfortunately, there is currently no assurance that contributions will always be $2 000 or more. The very attractive proposal of providing a kind of child-support insurance or minimum benefits of the sort advocated by Irwin Garfinkel (see Chapter 6 of this volume and cf. note 16) and being tested in several states appears to be an obvious way of dealing with the remaining problem. Thus, every custodial parent would receive $2 000 per child or the amount collected in child support, whichever is greater. Then, in combination with the appropriate labour-market policies, women would be able to work half-time and still gain independence.

This sort of plan seems far more appealing than pure welfare or children's allowance alternatives. Although there would be some public expense benefits would be provided in the context of a large and predominantly middle class programme specifically designed to address the failure of absent parents to provide support for their families. It would thus reinforce autonomy and family and community. A woman working half-time could avoid welfare offices, income tests, isolation, and stigma. She would receive a cheque for child support like other mothers. But unlike a children's allowance, government money would only be forthcoming in the relative minority of cases where absent parents' contributions were too low. Finally, unlike a children's allowance, with the bulk of the money coming from absent parents, the perception that the money encourages out-of-wedlock births or marital dissolution would become muted.

A remaining problem concerning a child-support base is that it alone does not reinforce work effort very well. It nevertheless would be better than the current system which has built-in work disincentives. Raising the earnings potential of women in the labour market would also serve as a positive inducement. Still, as long as welfare is perceived as an available alternative to work, questions about work and responsibility will remain. The welfare system could be converted into a much more explicitly transitional system if labour-market and expanded child-support systems were put in place.

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The recent moves towards making the system more transitional already command widespread support. But without the labour-market and dual role problems of lone parents being solved, these changes are likely to have only a modest impact and they could easily be viewed as harsh and unfair. But if there were guaranteed child support and if labour market measures were in place, then creating a more transitional system might be logical and appropriate. Many proposals abound. A system of transitional support with generous aid and training for up to 3 years might be preferable. But when the transitional assistance had been exhausted, a lone mother would be expected to support the family through some paid employment. In combination with the other supports only part-time work would be necessary. There should also be a small jobs programme for those who have exhausted their transitional support and who still cannot find work.

The point is not that the specific proposals noted here are correct or perfect. Rather, it is that welfare or welfare-like supports are a fundamentally flawed way of dealing with the income-security problems of lone parents. By treating symptoms rather than causes, welfare inevitably creates conflicts among closely held values. Plans which diverge from pure income-tested cash support and which seek to redress specific problems which limit the capacity of lone parents to gain income are much more likely to be effective and politically palatable. Non-welfare alternatives such as wage subsidies, health insurance, day care, child support, transitional aid, and jobs look particularly attractive from this viewpoint.

It is not surprising that welfare reform seems to oscillate from proposals calling for universal income support to those calling for universal work. The current welfare system represents an awkward compromise among many values. By focusing primarily on one value such as community or work, it would be possible to design seemingly more rational proposals. Still they ultimately seem to fail as conflicts with other precious norms become evident.

There are non-welfare alternatives. Those which hold promise address specifically the problems facing one or another group in light of the norms and expectations of the larger society. In treating a series of causes rather than symptoms, particular care will have to be taken to explore how all the pieces fit together and reinforce or counteract one another. Nevertheless, a system built around a series of pieces ought to be able to provide a far more popular and effective means of support than any of the seemingly perfect welfare reforms which seek to impose greater uniformity in support or work.

NOTES AND REFERENCES

1. In the United States persons are considered poor if their family income falls below the official poverty line, which, in 1986, stood at $7 370 for a family of two, $8 738 for a family of three and $11 200 for a family of four, and so on. The median family income in 1986 for families with children was over $25 000. The poverty line is adjusted annually for average changes in the cost of living. Thus, it is an absolute and not a relative measure of deprivation.
2. Committee on Ways and Means, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, United States House of Representatives (Washington, DC: US Government Printing Office, 1987). Table 20, p. 645. In official government poverty statistics, cash transfer benefits are counted in income, but in-kind benefits such as food and housing are not. Thus, the official poverty rate of 44 per cent for this group lies between the figures cited here.
3. Employers are required to purchase workers' compensation protection for their workers.
4. Some benefits also go to two-parent families where one parent is disabled. A small part also goes to two-parent families when one parent is unemployed.
5. Committee on Ways and Means, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, US House of Representatives (Washington, DC: US Government Printing Office, 1987). Table 28, p. 662.
6. Heclo, Hugh, "The Political Foundations of Anti-Poverty Policy," in Sheldon Danziger and Daniel Weinberg, *Fighting Poverty, What Works and What Doesn't* (Cambridge, Mass.: Harvard University Press, 1986) p. 330.
7. For a very clear list of such goals see for example Barth *et al. Toward An Effective Income Support System: Problems, Prospects, and Choices* (Madison: Institute for Research on Poverty, University of Wisconsin, 1974).
8. This is quoted from Chapter 2 in *Poor Support: Poverty in the American Family* (New York: Basic Books, 1988).
9. There is considerable evidence that Social Security has reduced work among the elderly. But such evidence seems to bother politicians and the public little. There is more mixed evidence that disability programmes support some people who might otherwise work to some extent. This has led to some tightening of disability rules, but has not proven politically popular. The only group that might be expected to work is widows, a group which the public perceives very strongly as having a right to the earned benefits of the deceased spouse.
10. These figures are subject to a host of provisos and qualifications that are not repeated here. The numbers should be seen as rough approximations only. Note that the figures are derived from longitudinal data reporting annual income data. A spell consists of a period of continuous years in which welfare money was reported. Multiple spells occur when the periods of receipt are separated by a year when little or no welfare money is reported.
11. Moffitt, R. (1987), "Dependency and Labor Supply: A Review of Literature", report prepared for the U.S. Department of Health and Human Services, Washington.

12. Burtless, G., (1987), "The Work Response to a Guaranteed Income: A Survey of Experimental Evidence", *The Income Maintenance Experiments: Lessons for Welfare Reform*, Alicia Munnell, editor, Boston: Federal Reserve Bank.

13. United States Bureau of the Census, *Statistical Abstract of the United States:* 1980 (101st Edition), Washington, D.C., 1980, Table 72, page 51.

14. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1987* (107th Edition), Washington, DC, 1986, Table 68, p. 49.

15. Lewis, I.A. and Schneider, W. (June/July 1988), "Hard Times: The Public on Poverty", *Public Opinion*, pp. 2-5.

16. For a summary of the literature see Irwin Garfinkel and Sara McLanahan, *Single Mothers and Their Children*, (Washington: The Urban Institute, 1986), pp. 55-63 or William Julius Wilson and Katherine M. Neckerman, "Poverty and Family Structure: The Widening Gap between Evidence and Public Policy Issues" in Sheldon Danziger and Daniel Weinberg, *Fighting Poverty: What Works and What Doesn't* (Cambridge, Mass: Harvard University Press, 1986), pp. 232-259.

17. See for example Piven, Frances Foc and Richard Cloward, *Regulating the Poor*, (New York: Pantheon, 1971); Handler, Joel, Reforming the Poor: *Welfare Policy Federalism, and Morality* (New York: Basic Books, 1971); and Goodban Nancy, "Psychological Impact of Being on Welfare", *Social Service Review*, Vol. 59, September 1985, pp. 403-422.

18. Sosin, Michael, "Legal Rights and Welfare Change, 1960-1980" in Sheldon Danziger and Daniel Weinberg, *Fighting Poverty, What Works and What Doesn't* (Cambridge, Mass: Harvard University Press, 1986), pp. 260-282.

19. One possible exception is a programme tried in West Virginia. That small, mostly rural state did require some recipients to work for their checks but not many lone mothers were involved. Careful evaluations suggested that overall impacts on earnings and welfare benefits were quite small.

20. For a summary of many of these see Judith Gueron, *Work Initiatives for Welfare Recipients: Lessons from a Multi-State Experiment*, Manpower Demonstration Research Corporation, 1986.

21. *Final Report on the San Diego Job Search and Work Experience Demonstration*, (New York, Manpower Demonstration Research Corporation, 1985).

22. Judith Gueron, *Work Initiatives for Welfare Recipinets: Lessons From a Multi-State Experiment*, Manpower Demonstration Research Corporation, 1986.

23. David T. Ellwood, *Poor Support: Poverty in the American Family* (New York: Basic Books, 1988).

24. See Note 12. Though Burtless' results are an accurate reflection of what was found, there are many reasons to be sceptical about their interpretation. Those persons who participated in NIT had more reason to under-report earnings since their benefits depended on them; some people may have lied about their earnings when they were eligible for benefits. On the other hand, the short-term nature of the experiment is usually thought to have understated the work response of participants.

25. See Cain, Glen G., "Negative Income Tax Experiments and the Issues of Marital Stability and Family Composition", in Alicia Munnell, editor, *The Income Maintenance Experiments: Lessons for Welfare Reform*, (Boston: Federal Reserve Bank, 1987).

26. See Dennis Coyle and Aaron Wildavsky, "Requisites of Radical Change: Income Maintenance Versus Tax Reform", *Journal of Policy Analysis and Management*, May 1987.

27. Charles Murray, Losing Ground: *American Social Policy 1950-1980* (New York: Basic Books, 1984).

Chapter 11

LONE MOTHERS, SOCIAL ASSISTANCE AND WORK INCENTIVES: THE EVIDENCE IN FRANCE

by

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INTRODUCTION

This chapter focuses on the relationship between being in receipt of a special means-tested benefit for lone-parent families in France and working in paid employment; it summarises the empirical evidence from a recent study *. The benefit under consideration is the lone-parent allowance *(Allocation de Parent Isolé* or *API)*.

The API is not the only assistance available to lone-parent families; the French system of public benefits for these families includes special tax provisions, a public system for recovery of maintenance payments[1] and a second special family allowance, the family support allowance *(Allocation de Soutien Familial* or *ASF)* previously known as the Orphan's Allowance *(Allocation d'Orphelin)*. The ASF, in contrast to the API, is a social insurance programme which provides a uniform benefit per child in cases in which one or both parents are deceased or paternity has not been established. It also functions as an advance maintenance payment system for eligible lone-parent families. The API, however, has a special feature which permits examination of the relationship between it and paid-work effort, without regard to other possible sources of benefit income: there is an implicit marginal tax rate of 100 per cent.

API is available to those who enter lone-parenthood through death of a spouse, divorce or separation, or a birth to an unmarried woman. It may be paid when a child is under three years of age and when the event leading to lone-parent status occurred within the last 12 months. Benefits cease when 12 months have elapsed or the *youngest* child reaches the age of three years. The guaranteed income level is relatively high: for a mother with two

* The evidence is based on work done by the *Laboratoire de statistique appliquée à la recherche économique* (LA.S.A.R.E.) and *Analyse dynamique des effets des politiques sociales* (ADEPS) at the University of Nancy on lone mothers and paid employment. In addition to the author, other researchers involved were L.S. Carvoyeur, B. Jeandidier and K. Liman Tinguiri.

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children, the income ceiling is equal to the minimum gross wage (SMIC) and is not taxable. The SMIC, in turn, is about 60 per cent of the average wage in France.

Created in 1976, the take-up was rapid and, by the end of 1984, benefits were received by over 100 000 lone-parent families, 99 per cent of which had a woman as head. This beneficiary group is smaller than that of ASF beneficiaries (378 000 families at end 1984) and smaller still than the group who receive tax preferences, but the relatively generous level of API benefits has made this allowance the focus of discussion regarding French policy for lone mothers. It is criticised as being a disincentive to work, to marriage or even to cohabitation; it is argued that it promotes a social assistance mentality and encourages illegitimate births.

The last concern, although perhaps justified to some extent, may not be as widespread as some would suggest. As for the fear of long-term dependency, the lack of historical perspective has so far prevented any study of mothers in receipt of API over a sustained period. However, the first two charges relating to work and marriage disincentives do seem to have more substance. Moreover, economic and sociological literature, both in France and abroad, supports the existence of such disincentives in this and similar programmes.

In fact, in the case of API, all the elements contributing to a total disincentive to work seem to be present: the guaranteed income is substantial; with an implicit tax rate of 100 per cent, any earnings result in an equivalent reduction in the allowance; and payments can last for about 44 months, including the time during pregnancy. Moreover, a substantial proportion of API beneficiaries have little chance of getting a job because they are young women without qualifications or work experience. In addition, day-care facilities for children are limited and private help is expensive.

Under the circumstances, the overwhelming majority might not be expected to work. But many do so. A significant proportion of API beneficiaries are employed even when their net income is reduced as a result of work-related day care and transportation expenses. The majority of API beneficiaries either have a job or declare that they are actively looking for one. In addition, a substantial number of mothers, who would otherwise be entitled to API, take a full-time job, thus deliberately foregoing the allowance whenever their earnings exceed the API income limits.

This brings us to the main question: does API really have a disincentive effect on employment? If it does, how great is that effect and how does it operate? Which sub-groups are primarily affected? What are the implications for possible changes in law or practice? It is these questions that the present chapter tries to answer.

The chapter starts with a review of the work decision process and its underlying determinants as a precursor to predicting the work behaviour of the API beneficiary group, followed by a review of the empirical evidence regarding the observed behaviour of these groups. The three groups concerned are women who work while receiving API, women who declare themselves to be unemployed, and mothers who leave API to work. Finally, general conclusions are presented. A brief appendix describes the data on which this chapter is based.

LONE MOTHERS' WORK BEHAVIOUR: THE DECISION PROCESS

Econometric studies on the employment of female heads of families are scarce, at least outside the United States[2]. In France, econometric studies of labour supply at a micro level are rather recent and usually concern only married women[3]. The studies on which this

chapter is based (Ray *et al.*, 1983 and 1987) remain for the moment the only econometric research focused on the employment of lone mothers.

The Determinants of the Work Decision

The supply-side determinants of the employment situation of female heads of family fall into three categories: current monetary factors, current non-monetary factors, and prospective factors. The first category relates to the family's income needs and sources, which depend in part upon the number and ages of the children[4]. Moreover, some unearned income, such as family allowances, may be regular and guaranteed, whereas other sources, such as alimony, may be uncertain and irregular, thereby precipitating the need for stable earnings. The net earnings and earnings opportunities of the woman are also related to the number and age of the children, and the availability and cost of day care.

Thus, the number and age of her children play a prominent and complex role in determining a lone mother's employment status – prominent because they determine the financial needs, the level of allowances, the day-care expenses and time demands on the mother; complex because they exert conflicting influences on the use of that time. But monetary factors do not explain why one woman in five does work while receiving API. In one case out of two it may be a problem of misunderstanding the API programme mechanism, but this explanation does not suffice for all beneficiaries who work.

Some non-monetary factors may have a negative effect on working, for example a shortage of available places in day nurseries or difficulties experienced after an unexpected marital breakdown. But there are also factors exerting a positive influence. These consist of advantages linked to working: the opportunity to meet other adults, to keep in touch with employers, to have satisfaction from doing an interesting job and to be free from welfare and social control (see Moffitt, 1983). The current decision of a lone mother to seek employment is also likely to take into account factors affecting her future employability, such as improving skills through on-the-job training or avoiding having skills become obsolete.

Thus, the life-cycle theory may be appropriate as a framework, but in practice, the results are highly dependent on the discount rate, defined as the time-preference for money. For example, a recently separated or divorced woman may have a very high discount rate, that is, place a higher value on income in the present, rather than the same real income in the future, because her present situation is uncertain: what will be the behaviour of her ex-husband, of the court concerning the amount of alimony and child support, and of the social workers to whom she relates?

Immediately after an unexpected marital breakdown, the discount rate is assumed to be so high that the impact of all factors affecting a more or less distant future simply vanish. As time elapses, this rate progressively decreases, and the woman may be in a position to take into account factors affecting the future. For women who are working part-time and receiving API, earnings are reduced by an equivalent cut in benefits; thus, work behaviour can only be explained by current non-monetary rewards or by expected future gains.

The mother's work behaviour may also be constrained by exogenous factors. Most labour-supply models do not account for demand constraints, but under conditions of high unemployment, hours worked may not be a good proxy for labour supply. While avoiding an explicit labour-demand model, female unemployment at the national level may be used as an indicator of market constraints.

Prediction of Work Behaviour

Given these considerations and the fact that for the calculation of benefits day-care expenses are not deductible from earnings, there is a constrained choice that a lone mother entitled to API is likely to make between receiving benefits without working and working without benefits. Unless wage rates are high, day-care arrangements cheap and the preference for leisure low, the probabilities are high that a woman will not work. She is likely to prefer a full-time rather than a part-time job if only the monetary aspects of her choice are considered. Indeed, if the time devoted to housework is introduced, a mother with three or more children always appears to be in a worse position if she is gainfully employed: either she works part-time, loses the API and is faced with low earnings after deduction of employment expenses, or she works full-time, has enough money to pay for day care, but must add to her working day outside the home additional time to devote to her children. In other words, she is left with no spare time. Finally, because of the low level of family benefits for families with less than two dependent children, a young mother with just one child is likely to choose to remain on API and not work, unless she has special qualifications that make her eligible for a good wage.

THE EMPIRICAL EVIDENCE

These hypotheses were tested recently in the L.A.S.A.R.E. study (J.C. Ray *et al.*, 1983) which focused on lone mothers and gathered monthly information, merging data from administrative records (697 API beneficiaries) and from the results of a survey of 143 women. Relying only on the common part of these two samples, the econometric analysis is limited by the small size of the sample and problems related to the pooling of 2 277 monthly observations.

There are also problems of definition: what is an eligible non-participant? Virtually all women are potentially eligible to obtain API if they meet the following criteria: they become pregnant or have dependent children, notify the authorities that they are living without a male partner; declare insufficient income. Optimally, the effect of API on employment should be studied through samples that are representative of the whole population. Even with over-representation for specific sub-groups, constructing such samples is difficult, given the need for an adequate sample size and the low frequency of API participation (less than 0.15 per cent among all women). Without a representative sample, answers to certain questions may not be possible. Does a working wife go on API when her family breaks up? Or is it mainly non-working wives who participate?

Thus, a study now in progress (J.C. Ray *et al.*, L.A.S.A.R.E., 1987) may contribute to the state of the art in France. A survey was conducted among 1 060 API beneficiaries, with 967 responses. Distinctions were drawn among three groups: women working and receiving benefits; those unemployed; and those inactive for the time being. These groups are compared with regard to their socio-demographic and occupational characteristics and their work behaviour and expectations in the sections which follow.

Summary of Findings

In 1982 FF 1 579 million were paid to 70 194 beneficiaries under the API system. But what would have happened if this programme had not existed? The study addresses this

question with the aid of two econometric models. Three indicators of economic and social efficiency are used: the number of jobs held by those who leave the system, the resulting increase in income, and the financial consequences of changes in API benefits. Four assumptions underlie the econometric models: a woman is assumed to work if the probability of her doing so exceeds 50 per cent; demographic choices are taken to be independent of economic conditions; the decision whether to work or receive API benefits is assumed to have no effect on prevailing labour-market conditions; all API beneficiaries in France are assumed to have the same characteristics as those in the sample.

The simulations seek to show the effect that abolition of the system, reduction in the length of benefits or a fall in the guaranteed income level would have on the labour supply of beneficiaries. The results suggest the following:

- One woman in five would work (half of whom would be mothers of three or more children). The others would see their financial situation change depending on the size of the family, with large families foregoing proportionally less;
- When considering the incomes of women who work, even when entitled to API, no account is taken of their work-related expenses, particularly on day care. To do so would certainly reveal an unchanged standard of living for some women, even if their earnings exceed API;
- It would seem that if entitlement were limited to twelve months, only one woman in thirteen of those benefiting for a longer period would work;
- If API were reduced by a third, some women (70 per cent) would no longer be eligible even when not working (their income from other sources would prevent it), whereas most would continue to receive benefits (72 per cent);
- As for estimated income losses, contrary to previous simulations, they would be greater for large families;
- Lastly, as calculated for 1983, the saving to the State, resulting from dropping the ceiling by 33.33 per cent would be FF 821 million, that is, half the cost of the allowance in 1982, allowing for the return to work of certain beneficiaries.

Women who work while Receiving API

The following analysis is based on two data sources (see Annex 11.1): one consists of longitudinal data, and the other, cross-sectional.

The longitudinal data indicate whether a woman worked while receiving API and, if so, for which months over the period of observation and for what wage. The cross-sectional data cover a more substantial sample, thereby allowing greater precision in characterising the types of women who work while receiving API. The results of the analysis of each data set are presented in turn.

Findings from the longitudinal data

In the sample examined (2 218 monthly observations of female API beneficiaries) one woman in five worked while receiving benefits without her resulting income being high enough to lead to loss of the allowance. If those who only worked one month are excluded, then only about one woman in ten worked part-time while receiving API. The most surprising fact to emerge, however, is that *anyone* works while receiving API, given the implicit 100 per cent marginal tax rate.

As to their characteristics, the women who do work and receive the allowance are about the same age, 25 years on average, as those who do not work and have as many children in primary school, but have very young children less frequently. There are slightly

more receiving API benefits for only one year. There are fewer unmarried mothers, but more abandoned cohabitees and many more divorced women. They work an average of 69 hours per month and, as a result, the amount of API they receive is reduced to practically half that of the women who do not work, a drop from FF 1 328 to FF 738 per month. Finally, families with one child are very common while families with four or more children are not found in the group which works while receiving API.

The finding that there are women who work part-time while receiving API contradicts initial predictions. Thus, the implicit assumption made at the outset of a static framework on a month-by-month basis must be reconsidered. Using a dynamic framework, thereby assuming that individuals take account of the possible future consequences of a decision made today, part-time work while receiving API may be explained.

Since it will be necessary to find a job when API comes to an end, it is reasonable to try to increase the chances of successful job-search at the appropriate time. Prior experience can be a considerable asset when it comes to finding subsequent employment, particularly if the job being sought is a stable one, within the primary labour market. Allowing for future financial benefits could explain the phenomenon of part-time work while receiving API and the consequent loss in the current period. The true gain measured against the loss of leisure without any immediate compensating increase in income must include the present value of the increased probability of getting a job when API ends.

An alternative explanation might be that individuals do not act solely on the basis of economic and financial criteria. Although financial criteria are usually assumed to govern labour-supply behaviour, factors of a psychological or social nature may enter into the decision process. This would explain why some API beneficiaries work even without immediate financial gain: working gives both social status and contacts with other adults, in contrast to staying at home with a young child or children. The ability to meet people through employment, in addition to financial incentives, is widely accepted as an explanation of why married women work. In the case of API beneficiaries, there may be an additional motivation – escape from the image of someone dependent on social assistance.

Findings from the cross-sectional data

The source previously cited, longitudinal data gleaned from administrative records and a survey, does not provide complete information about the working lives of a representative sample of women who have received API in all cases. The records of those women who were still receiving the allowance at the end of the observation period are obviously incomplete: work behaviour for a portion of the period of entitlement is unknown. The 1987 cross-sectional data, while adding insights into the link between API and gainful employment, nevertheless permits no more than cautious conclusions to be drawn. There are other difficulties in the cross-sectional data that should be noted: the data set does not include many women who, although otherwise eligible, have left the system because their earnings exceeded the API income ceilings. In addition, of those who declared themselves unemployed or not looking for a job, some may have already worked while receiving API and some may work before termination of eligibility. Moreover, those classified as employed may leave their jobs before the end of eligibility. In addition, there are limitations due to the relatively small sample size: of the total number (909), only 78 had a job while receiving API. Despite the shortcomings, the level of detail for those lone mothers is rich.

Demographic characteristics

Comparison of the characteristics of those with and without jobs by age of mother, does not reveal any major difference. In the employed group, the percentage of mothers of

three or more children is approximately the same as for those without a job; they have fewer children under three years old, but as many from three to six years as their non-working counterparts. The large majority, however, have fewer children over six years old, but only 5 per cent are pregnant, compared to 11 per cent of those not working.

Occupational characteristics

Despite demographic similarities, there are differences in occupational characteristics. The women who work while receiving the allowance are generally better educated and more qualified than those who do not. For example, they are more likely to be attending evening classes or training courses. With regard to tenure in the current job, four out of seven women had been working for less than six months; four out of five for at most one year. Half worked full-time (39 hours per week or more); one in five, half-time (20 hours), while none worked fewer than 20 hours per week.

The monthly income derived from this employment was disclosed in the survey by 83 per cent of the women: one-fourth earned less than the minimum gross wage; four out of seven had earnings equal to the minimum gross wage; and earnings exceeded the minimum standard by 20 per cent in only one case in twelve[5].

Prior work experience was measured by the total duration of the last three jobs reported by each woman – with somewhat ambiguous results: of women with then-current jobs, 44 per cent had no prior work experience, compared to 55 per cent for women who had not worked while receiving API. The percentage of those in the former group whose duration of work was twelve months or less was 31 per cent, compared to 22 per cent of the latter group. However, 28 per cent of those not working while receiving benefits had over twelve months experience, while fewer of their counterparts who did work while receiving benefits had as much – about 25 per cent.

The variations in average job duration of all women in the sample who had ever worked were clearer: one-third of all jobs were held for less than six months; nearly one-half (48 per cent) were of six to twenty-four months duration; and nearly one-fifth lasted 25 months or more.

Examination of the reasons for leaving employment shows that 60 per cent came to an end because a contract had ended; dismissals represented only 10 per cent of job terminations, but in 24 per cent of cases, family problems were the reason for leaving. In this regard, the experience of those working and not working while receiving API were virtually identical. However, a slightly higher proportion of mothers who were not working while receiving benefits had previously left a job voluntarily – 10 per cent, compared to 5 per cent of those who worked and received benefits concurrently.

Duration of benefits

Table 11.1 suggests that there may be an inverse relationship between the duration of benefits and working. But the sample size, at least for those who are working, is too small to support such a conclusion with confidence. What can be said, however, is mothers with both earnings and benefits are not necessarily shown to be those who have nearly exhausted their entitlement. However, a mother's expectations about her remaining period of API entitlement, at given durations of employment, did reveal an inverse relationship.

When asked how long before the end of entitlement to API it is useful to work, relatively more respondents who were then employed considered it useful to work as soon as possible, perhaps at least one year in advance. Thus, mothers who work are relatively more numerous near the end of entitlement than other mothers, but they are far from concentrated exclusively in the category with very short periods of remaining API eligibility.

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Table 11.1. **Duration in receipt of API, by labour force status**

	API beneficiaries	
	% working	% not working
	(N = 63)	(N = 718)
Up to 12 months	59	55
of which :		
less than 6 months	41	31
13-24 months	30	26
25-36 months	10	14
Over 36 months	–	5

Source : Ray *et al.* (1983).

API BENEFICIARIES WHO DESCRIBE THEMSELVES AS UNEMPLOYED

As shown in the previous section, the differences between women with jobs and benefits, and those with only benefits are modest at best. However, the group relying on benefits alone consists of two sub-groups: those who are not working and not looking for a job; those not working but who claim to be looking for work. This section compares the characteristics of the two sub-groups and asks if those who are looking for work are different from those who are not, and if so, in what ways.

Findings from the 1987 Cross-Sectional Data

The data include 547 "unemployed" and 284 not looking for work or "inactive" women. "Inactive" is defined as not looking for a job *for the time being;* "unemployed" is defined as *actively* or *occasionally* looking for work. The definition of the term "unemployed" therefore diverges from customary usage.

Socio-Demographic Characteristics

Comparison of the unemployed and those not in the labour force shows virtually no difference. Only slightly more among those who are inactive are pregnant or have large families. In both groups, about 80 per cent have a child under three years of age; one out of four have a child from three to six years of age; "unemployed" mothers have fewer children over six years of age. Of women who are still studying, 75 per cent are in the non-working category; classes are at post-secondary level in half the cases. Even though women continuing their studies are counted as "inactive" rather than "unemployed", the latter generally have more years of schooling and more qualifications.

Occupational Characteristics

Past work experience was examined through details of the respondent's last three jobs. Not surprisingly, those not in the labour force or "inactive" had held fewer jobs in the past than those "unemployed". Moreover, jobs previously held were usually of short duration.

When asked about the reasons for their present status, one might expect that the unemployed would emphasize reasons concerned with the labour market. In contrast, those not in the labour force would be expected to put forward reasons connected with their own lack of availability for work outside the home. The results of the survey were reasonably consistent with these expectations. "Unemployed" women gave three main reasons for their failure to find a job: difficulties in finding a job suited to their qualifications (52 per cent); the presence of one or more young children (47 per cent); difficulty in finding a job close to their homes (40 per cent). The second group of women explain their lack of a job by the presence of young children (75 per cent); health problems (11 per cent); pregnancy (9 per cent); involvement in training courses (6 per cent). Only 8 per cent indicated that they had enough current income without working. Respondents with previous work experience were asked why they left their last job. The reasons given, in order of importance, were: end of a fixed-term contract, followed by "family problems", then dismissals and resignations. Obtaining API was never specifically given by the respondents as a reason for leaving a job. Speculatively, this reason may be subsumed in the response "family problems".

Although the link between receiving the allowance and leaving a job was not clear, the work disincentive effect may be pursued indirectly. For those who had prior work experience, how often did the last job held overlap with receipt of API? For those currently unemployed, only one out of 20 stated that they had at some time received benefits and worked, while only one out of 70 among the inactive had had the same experience. However, past work experience among both groups was slight: only 15 per cent among the "unemployed" and 11 per cent among "inactive" women listed two or three previous jobs held.

Attitudes towards Future Employment

With regard to the possibility of future employment, the women in both the unemployed and inactive groups were asked, "for what wage would you be prepared to work?". In general, the requirements of the inactive women were greater than those of the unemployed. This might be explained by ignorance of their time value on the market, or even more likely, a reservation wage calculation that includes relatively higher work-related costs – particularly day-care expenses.

Both groups indicated in overwhelming proportions that full-time work was preferred – 80 per cent of "unemployed" women and 72 per cent of "inactive" women. This considerably weakens the argument that a requirement of regular hours is often one of the major reasons why lone mothers do not work. Despite the constraints of full-time work, it does enable lone mothers to make better provision for their families.

Additional expenses connected with employment were given, in decreasing order of frequency, as day care, followed by transportation, and far behind, clothing, eating outside the home, buying a car, moving expenses, medical treatment, and retraining costs.

The importance given to day-care expenses is not surprising. Respondents were asked what types of care they needed, if working. The preferences among the unemployed were divided almost equally among employing a childminder (28 per cent), help from a relative (26 per cent) and a nursery (20 per cent). Only one-half of the inactive women replied, but the rank ordering of their preferences was different: childminder (32 per cent); a nursery (22 per cent); a relative (16 per cent).

When asked what event would lead them actively to seek a job, one woman in two in both groups said "end of API". The second most frequent reason mentioned was "diminution of income". Few women indicated a third possibility: financial assistance from the

State in the event of resumption of work. Even fewer mentioned non-financial reasons for actively seeking a job. The great majority of reasons for resuming employment thus depend directly on financial factors.

To further clarify the motivations for seeking future employment, it was asked whether it was thought useful to resume work before the end of entitlement to API and, if so, how long before termination. Logically enough, more "unemployed" than "inactive" women thought it useful to resume work earlier: 91 and 78 per cent, respectively. If offered a job in the near future, more than half of the "unemployed" and more than one-quarter of the "inactive" would accept, even if their incomes remained the same. If incomes increased, an additional one-third of the unemployed would be prepared to work compared to over 40 per cent of the "inactive". Finally, nearly one-quarter of the inactive would refuse work under all of the circumstances mentioned.

If we relate past and future duration of API eligibility, what is striking is the wide dispersion of states among both the "unemployed" and the "inactive" groups. Therefore, it cannot be said that the timing of the job-seeking process is determined by the position of the woman in the API cycle.

WOMEN WHO LEAVE API TO WORK

The case of those women who voluntarily leave API to work or resume work before the end of possible entitlement suggests that, at least for some beneficiaries, there is a strong incentive to work. This behaviour, relative to that of women no longer eligible, is explained through two models; both give the probability that a woman has of holding a job. The first model applies to lone mothers who are ineligible for API; the second concerns eligible women with the option of dropping API for work. These two models have features in common: they deal with participation rather than with hours worked and they are not pure labour-supply models.

Classical labour-supply models distinguish two decision levels concerning work choices: the first is the participation decision; the second concerns the number of hours to be offered. Despite the fact that some lone mothers may prefer to find part-time jobs, they often must decide between a full-time job or no job at all. Moreover, over short periods women may not be able to adjust the hours they work owing to the job requirements; such an adjustment is more plausible on an annual basis, through weeks or months without work. Given that monthly data are used, observation of such choices is not possible.

Moreover, demand-side effects play an important role. It is difficult, however, to disentangle supply and demand effects on the basis of observed hours of work. Therefore, the approach chosen has been that of "employability" models, that is, models predicting the probability a woman with specified characteristics has, in spite of a given level of unemployment nationally, of holding a job.

MODEL I: The employability of single mothers no longer eligible for API

This model was tested on women no longer entitled to API despite retaining their status as lone parents; these mothers were previously on API but eligibility terminated.

either one year after entering lone-parenthood, or as the youngest child reached a third birthday. Among these post-API women, about six out of ten were not working, and relied only upon benefits; the others were holding jobs.

In this model, the main explanatory variables used were the wage rate (either that paid in the last job or the minimum wage), transfer income, educational level, age and number of children and the nationwide female unemployment rate.

MODEL II: The employability of single mothers entitled to API

The second model used data on all the women in the sample entitled to API and recorded as receiving benefits as of December 1981. Among them the vast majority did not work at all: these mothers either chose to stay at home with their children or could not find a job; a small group worked part-time, with a cut in API equivalent to their earnings[6]; a third group earned too much to continue receiving API. The model tries to explain the work choice; the dependent variable is the likelihood an API beneficiary woman has of foregoing her allowance in order to work.

For this model the explanatory variables were the wage rate, the level of API benefit, education, age, the national female unemployment rate, number of dependent children, whether or not living with parents, theoretical API duration and time since the beginning of lone-parenthood[7,8].

The Results of the Estimation of the Models

Briefly, the main results of Model I, which describes the probability of a lone mother working when no longer eligible to API, are as follows: as expected, although a higher wage rate increases the probability, significant unearned income reduces it; educational level has a positive influence on whether a woman works; and a woman's age seems to have considerable influence on whether she goes to work or not, perhaps attributable to a generation effect. Lastly, the presence of a national unemployment variable prevented determination of the influence of rationing on labour market participation.

Model II determines the probability that a lone mother will voluntarily give up API and work – true of 7.2 per cent of the women in the sample. However, the explanatory power of Model II is not as high as that for the first model.

Although, as expected, an increase in API income would reduce the employment level, the same results were obtained through the wage variable. These surprising results could be explained by the labour-demand effect: women not certain of finding jobs when benefits end, perhaps because they have poor qualifications, may accept jobs even when the wage offered is low. In contrast, women who are better qualified may expect a higher wage and more employment opportunities than the first group and therefore might refuse to work while receiving benefits. This interpretation, however, remains tentative. The variables "educational level" and "approaching end of benefits" have a positive effect on the return to work. When the beneficiary lives with her parents or is not exceptionally young, the probability of leaving API is slightly greater. Finally, although the number of children has a negative impact on availability to work, it is not certain that the presence of a young child less than three years does, in fact, discourage women from working.

GENERAL CONCLUSIONS

The results cast some doubt on the relevance of the threefold division – working/unemployed/inactive. The women with jobs do indeed resemble those mothers who have already left the API system, just as there is some resemblance to many "unemployed" women. Many might change places in the space of a few weeks. Are the "unemployed" all different from the women who do not work? Tomorrow the "unemployed" may well include women who are inactive today, since, by definition the inactive are not looking for work for the time being. There are probably a hard core of "inactive" women, removed from the labour market for various reasons such as age, health status, or schooling responsibilities. But, overall, it would appear more fruitful to abandon rigid typologies in favour of a continuum, representing the degree of attachment to the labour market. Unfortunately, only panel data would permit this approach.

Three general conclusions emerge:

- First, there is inconsistency between theoretical predictions that a benefit with a 100 per cent marginal rate of reduction, like API, must be a total disincentive to work and the observed facts. On the other hand, the disincentive to work, although difficult to measure, may not be zero;
- Second, there is consistency between the observed behaviour and the results of an enriched explanatory model, allowing for expectations. In effect, there are few observed facts which cannot be explained once we move from static analysis to a dynamic model, where jobs are few and difficult to obtain and keep. As for the limited duration of API – in principle one to three years – it is not possible to say, on the basis of the French case alone, whether this is important in the formation of expectations;
- Third, the majority of the female beneficiary population prefer full-time work as a means to financial self-sufficiency. But there are obstacles in the way of finding work, often financial, but also non-financial. This implies that alterations to the existing API system may be in order, as well as provision of certain in-kind benefits to facilitate employment.

Consequently, the time seems to have come to adapt the API system in the light of experience. Except perhaps for mothers of large families, it is necessary to reconsider the implicit aim of removing women from the labour market (and the unemployment statistics) and to make it easier for lone mothers to leave API for a job that will enable them to be self-sufficient. To do this, the undifferentiated treatment of all lone-parent families is no longer appropriate. Assistance has to be adapted to a variety of employment-related needs. A significant reduction in the implicit tax rate would be considered by some women as a real incentive to obtain a job; this could take the form of a lump sum premium or an earnings disregard – or a combination of the two. But solutions based on cash payments are not suitable in all cases. Hence, there is a need for benefits in-kind. Occupational expenses could be refunded, placement services made available, and training courses provided (occupational or, in certain restricted cases, obligatory, with failure to attend resulting in suspension or reduction of API). These arrangements have already been tried out in some OECD countries either specifically for female heads of family or for other groups. France would be well advised to learn more about the results obtained abroad with a view to adopting any innovation considered useful.

Annex 11.1

DATA USED IN THE LA.S.A.R.E. STUDIES (1983, 1987)

Data on API Beneficiaries in France

Official figures for all API beneficiaries are published by the CNAF *(Centre National des Allocations Familiales)* with approximately a one-year time lag and are limited: they document only total API payments; the average per family and per child and about the distributions according to four beneficiary characteristics: family position, number of children, amount of API; its current duration. Unpublished data are more comprehensive but do not allow for studies at a micro level.

The ACT study (1983) relies upon a flow of exits, so that the characteristics of its reference population differ widely in many respects from those of the API beneficiaries at the end of a given year. These discrepancies mainly concern women who are long-standing beneficiaries and who are usually rather young and unskilled, and who are more often unmarried than the others, and so on. An obvious limitation of a study which focuses on mothers who leave the system is the difficulty of observing the situation of the few women with successive allocations, who never leave the system. In contrast with the ACT study, the 1983 LA.S.A.R.E. research combines the two approaches of flows and stocks, where longitudinal information was collected.

The Data Collected for the 1983 Study

In order to obtain reliable estimates about the probability of lone mothers[9] holding down a job, it is necessary to refer to monthly data. The main reason is that the situation of these women is highly unstable at the time they enter lone parenthood; the instability concerns their marital status as well as their position in the labour market and therefore their income and the allowances they receive.

But such detailed monthly data were not available. For that reason we collected our own information by combing through the almost 800 files of the 1 300 API beneficiaries on the registers of the Family Allowances Council *(Caisse d'Allocations Familiales)* in Meurthe-et-Moselle. Of these, 697 were perused and we gathered rich and reliable monthly information over the API period (including possible periods of suspension), as well as those periods following and preceding it. An inquiry about 143 of the 697 women enabled us to obtain information that the *Caisse d'Allocations Familiales* could not supply and to update it at the beginning of 1983.

The sample of 143 women (representing 3 187 monthly observations of more than 30 basic variables) has been weighted so as to be representative of the 697. Furthermore, we have systematically calculated what would have been the amount of the API paid if the benefit had been determined month by month rather than, as in reality, on the basis of income for the previous quarter[10]. We assumed that women understand the benefit mechanism and are not unaware of the time-lag between initial earnings and the subsequent cut in the API.

The estimates presented in the 1983 report are based on models tested on local samples but their results, all expressed in 1983 French francs, are then extended to the national level after appropriate weighting in the light of national statistics. These results are highly tentative and intended only to give some idea of the potential magnitude of the problem.

The Data Collected in the 1987 Survey

A major part of the chapter relies on another more recent (1987), and much larger (967 API beneficiaries) cross-sectional sample. Part of the survey instrument is devoted to questions on attitudes towards work, earnings and API. The sample size and the low non-response rate [8.8 per cent = 1-(967/1 060)] allow us to derive some useful information on the disincentives to work associated with API.

NOTES AND REFERENCES

1. See E. Renaudat: "Recouvrement des pensions alimentaires. Enquête auprès des bénéficiaires de l'allocation d'orphelin pour abandon manifeste". (Caisse Nationale d'Allocations Familiales). *Revue Recherches et Prévisions* No. 3, January 1986, pp. 17-20, and corresponding supplement.

2. For the United States, the United Kingdom and Canada see Danziger, Haveman and Plotnick (1981), Greenhalgh and Mayhew (1981), Weale *et al.* (1984), Belzile *et al.* (1980), Allie and Lefebvre (1981).

3. See M. Riboud (1984), F. Bourguignon and B. Lemennicier (1984) and F. Euvrard, M.G. David and K. Starzec (1985). As an example of a sociological study, see the research carried out by ACT. For a critical examination of ACT methodology, see J.C. Ray, P. Dickes and J.P. Tricard, report for UNESCO (1987).

4. In France, as soon as children are two years old they are eligible for a free place in a nursery school. In most cases lone-parent families have a priority for admission. At age six, children commence primary school for four-and-one-half days a week. These options, however, do not exhaust the need for day care.

5. The level of earnings may seem surprising for women receiving API: total earnings and general family allowances may well exceed the API income ceiling. Several explanations are possible:
   - These women would lose eligibility if the system did not operate in terms of deferred rights;
   - The earnings declared refer to the survey month, but for the API reference quarter, earnings are less because of late entry to or loss of a job; even if the stated duration for the present job already exceeds one quarter, analysis of the average duration of previous jobs shows that the jobs concerned are often short-term ones, presumably separated by periods of unemployment;
   - One cannot *prima facie* exclude possible non-declaration of earnings nor possible errors in calculating entitlement.

6. Some theoretical explanations are presented in Ray *et al.* (1983, pp. 51-53) and K. Liman Tinguiri (1984), who presents the results of our econometric model explaining why, among mothers entitled to API, some work and some do not.

7. The main econometric technique used is a bivariate LOGIT model since more classical procedures, such as ordinary least squares, do not allow for the case of a dependent variable with a limited range of values. Nevertheless, ordinary least squares are used as a control device. We used the LOGIT programme (October 1982) of the Ecole Normale Supérieure (ULM), kindly proposed by F. Bourguignon and B. Sabatier-Labeyrie: we also used the OLS and the Logistic Regression procedures, and the TSCSREG procedure of S.A.S. We did not use models in logarithmic form because of the many dummies and because some continuous variables, like "transfer incomes", also take zero values.

8. Three main problems arose from the data collected in 1983: the pooling of cross-sectional and longitudinal data, truncation of part of the sample, and missing values for the wage rate of non-working women: these were not replaced by imputed values, but otherwise approximated. The bulk of the statistical literature devoted to the pooling problem concerns the OLS model: in contrast, articles on the treatment of pooled data in binary choice models were rather scarce before the useful survey by G.S. Maddala, *Journal of Human Resources*, Summer 1987.

9. According to statistics at the national level, male heads of families consist of one per cent of all API beneficiaries.

10. Without this monthly calculation, we would observe strange situations. For instance, a woman entitled to API but working again after six months on API accumulates both her earnings during the first quarter and a substantial amount of benefits, but receives neither earnings nor API the next three months if she no longer works.

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Chapter 12

SUPPORT FOR LONE PARENTS IN NORWAY

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INTRODUCTION

In the Scandinavian countries during the last decade, there has been a growing concern about the circumstances of lone-parent families. In Norway and Sweden commissions have been established to investigate the "problem", and there has been a long and committed public debate about the issue.

The very nature of the existing support system has been called in question: do the benefits cover the needs of lone-parent families and what are their real needs? Do their needs differ in substance or degree from those of two-parent families? Are there any relevant differences within the one parent group that should lead to differential policies? How far should the responsibility for support of a lone mother or father and their children rest with the other parent or with the community at large? What should be the prime objectives of eventual State intervention in this field? The current and strong interest in these issues is largely a result of the changes in family patterns throughout the 1970s and 1980s, related to the changing role of women and the rapid growth of lone-parent families. The issues also focus, however, on some of the problems associated with public policy towards lone-parent families in general.

This chapter deals with the existing income-maintenance programmes for lone-parent families in Norway. The major part focuses on social security; taxation is also touched upon. The variety of needs among lone parents are addressed briefly. The emphasis is on public policy and the way it has appraised and coped with these needs.

The study starts by considering how lone-parent status is defined in the benefit system and what kind of public support is available. It then examines the main objectives of the support system, the eligibility criteria used and the level of support. Particular attention is paid to any differences in the schemes addressed to specific categories within the broad definition of lone-parent families.

The system of income support to lone parents is closely interrelated with maintenance payments from the non-custodial parent or public advance of maintenance payments. This issue, which will be described in some detail, has caused considerable controversy and raises the more general question of whether the benefits should be targeted to the parent or the child.

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The relationship between benefits and earnings is then discussed, mainly focusing on two aspects: the trade-off between work incentives and earnings, and the level of support. The question of equity is addressed by examining the importance attached to levelling out inequalities between lone-parent families and other families with children, and between categories within the lone-parent group.

LONE-PARENT FAMILY: A DEFINITION

The problem of defining lone-parent families usually revolves around the question of how to treat cohabitation. Norway has chosen to include some cohabiting couples and exclude others within its definition of lone parenthood. A lone-parent family, according to the benefit systems, consists of a mother or father who has sole responsibility for the custody of the child or children and is living with the child or children or living together in households with other adults or with another adult person, none of whom are the other parent of the child or children concerned. Cohabitees living together with a child or children of their own are, according to this definition, not a lone-parent family.

The term "living together" has caused much concern and debate and various changes have been made to this definition over the years. The problem arises when trying to define what should be the acceptable relationship between an unmarried, divorced or separated mother or father and the non-custodial parent. Besides the strong emotional and moral issues involved, the choice of where to draw the line may have a strong and direct impact on the well-being of the offspring. If the term is defined narrowly, the decision may well be at variance with the psychological evidence concerning what is in a child's best interest. The Insurance Court of Appeal has now settled the issue by advocating that the residence or address of the non-custodial parent be the main criterion for deciding whether the parents are living together or not.

THE LONE-PARENT SCHEME: NATIONAL INSURANCE AND FINANCING

Social security benefits for lone-parent families in Norway are provided partly through the general support system available to all families with children and partly through a separate scheme applicable only to their group. Lone parents are usually more generously provided for than two-parent families; often the former receive twice the normal level of benefits payable to the latter.

Another characteristic of the Norwegian support system for lone-parent families is that the separate scheme is integrated in the National Insurance system. Support to the families in question is therefore provided as of right to all those who are eligible. Since benefits are not related to any previous contribution, a lone parent may receive a benefit without having paid anything to the scheme. National Insurance (NI), including the lone-parent scheme is financed partly by contributions from employees and employers and partly by subsidies from the State. The scheme also receives some revenue from the reimbursement of advances of maintenance payments. Being NI-integrated, the lone-parent benefits

are provided nation-wide. Some municipalities, notably the largest ones, provide some benefits in cash and in-kind to lone-parent families in addition to those that may be provided from the State scheme.

LONE-PARENT BENEFITS: ELIGIBILITY RULES AND LEVEL OF SUPPORT

There are three main eligibility criteria for the special lone-parent scheme. They vary from one kind of benefit to another and among the different groups of lone-parent families, most notably between widows or widowers, and unmarried, separated and divorced parents. The level of support varies among groups of recipients, as do the kind of benefits to which they may be entitled:

i) To be eligible for a lone-parent benefit, the claimant must be a lone parent according to the previous definition;

ii) The youngest child in the family must be below a certain age, ranging from about 10 years of age for some benefits and up to 18 years for others;

iii) For most of the benefits, the lone parent may not have earnings above a certain limit.

The special lone-parent scheme includes the following five benefits: transitional allowance; education benefit; allowance for child care; maternity grant, and the widows' and widowers' pension.

The *transitional allowance* is a fixed amount and is the main source of income for lone-parent families without earnings. It is provided to all such lone parents except, in many cases, those who are in receipt of an earnings-related pension. The main purpose of the benefit is to enable lone parents to stay at home to take care of their children or in order to undergo education and training. The benefit is not granted permanently, an underlying assumption being that the period of public support is simply an interruption from paid work and that the recipient must return to work again as soon as the payments have come to an end. As a rule, the lone parent is eligible for the benefit until the youngest child has finished the third school year at about 10 years of age. Then, the eligibility ceases.

Ill-health or a lack of employment opportunities in the town or district do not as such entitle the lone parent to a transitional allowance. However, as long as a child is below 10 years of age, the care of the child is a sufficient condition for claiming support, even if other factors mainly explain why the person does not work.

In special circumstances, for example, if a child is ill or lives in a precarious environment, support may be provided even after the child has completed the third school year. A transitional allowance may also be granted when a child is above that age when a marital breakdown occurs. However, the benefit is then provided for not more than one year in order to make it possible for the parent to readjust and recover from a difficult period before returning to employment.

As far as the level of support is concerned, the aim is to secure a certain minimum level of income for the lone-parent family. Moreover, it is a guaranteed minimum income, almost equal to the minimum pension in the NI-system. Lone parents without earnings or earnings-related pensions are paid the transitional allowance in full. Benefits, in combination

with earnings above a low disregard, are tapered up to a certain income ceiling above which no benefit is provided.

The *education benefit* for lone parents is available until the child is 18 years old. Its primary aim is to enable the parent to become self-supporting through paid work and is usually limited to vocational training. In principle, it is not means-tested. The need of the parent is the decisive criterion. However, those who are already able to support themselves by their own work are usually excluded. The level of support is discretionary and based on actual expenditures such as fees, books, travel and extra housing costs if residing away from home.

An *allowance for child care* is granted to lone parents who are in paid employment or undergoing education and training and hence must hand over the care of the child or children to another person during the time he or she is away from home. As with the transitional allowance, the benefit terminates when the child has finished the third school year. Support may be granted even if the care does not entail any financial expenditures. It is set at a fixed amount per child without a means-test. In some instances, the assistance may be increased by an extra amount if, for example, there are infants, sick children, or many children, and the expenditure on care means an unreasonably heavy burden for the parent.

Lone parents are also entitled to a special *maternity grant* in addition to the maternity benefits/grants which are available to all expectant mothers.

Widows or widowers whose marriage lasted for a minimum of five years are entitled to a *pension* if there is or has been a child of the marriage or if the surviving spouse is taking care of the offspring of the deceased. The pension is equal to the basic or minimum pension in the NI-scheme plus 55 per cent of the earnings-related pension which the deceased would have been entitled to as an old age or disability pensioner. It is granted regardless of the age of the offspring and continues until the recipient is entitled to an old age pension. The tapered disregard of the pension in combination with earnings is different from and more favourable than the one applied to the transitional allowance.

The dependent child in a family where one of the parents is deceased is also usually treated more favourably than a child from other lone-parent families. Below the age of 18, surviving children are entitled to a special *child pension* which equals 40 per cent of the basic amount for the first child and 25 per cent for each subsequent child.

Thus, there is, in principle, a choice among different support options for lone-parent families with young children. The parent may stay home to take care of the children and receive a transitional allowance; enter education and receive a transitional allowance, education benefit and the allowance for child-care; take paid work and receive an allowance for child-care; or combine various options over time: earnings, the transitional allowance, the education benefit, and the allowance for child care. If the child is above 10 and less than 18 years, the parent may as a rule either receive an education benefit or combine paid work and education. Alternatively, the parent may rely on paid work without any support at all from the lone-parent scheme. Whether a lone parent recognizes the possibilities of choice depends on many factors: her or his attitude towards work and public support, previous experience with these two options, the availability of work and child care, education possibilities and how much can be earned from employment compared to the level of public benefits.

In addition to benefits provided through the special scheme, lone parents are also entitled to a supplement to the child benefit (family allowance) equal to the amount granted for an additional child until the child is 16 years old. When a child is sick, employed lone parents are entitled to daily cash benefits for up to 20 days during a calendar

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year to stay at home to take care of the child, compared to 10 days each for a couple with children.

Lone parents are entitled to social assistance, unemployment benefits and disability pensions on equal terms with other persons since the eligibility rules do not distinguish between family types. The entitlement to and amount of unemployment benefits depend on previous work records and earnings and the benefit is payable for a continuous period of 80 weeks. Social assistance in Norway is means-tested and administered and provided by the local authorities. Thus, it is a residual means of support, underpinning the NI-scheme. Social assistance and unemployment benefits may be granted to the lone parent in addition to the special lone-parent benefits. However, the special benefits do not cumulate with a disability pension.

As far as taxes are concerned, lone parents are entitled to three special preferences: an extra deduction from their income (tax code 2); a lone-parent deduction which corresponds to the deduction for a married couple with children; and a refundable deduction. If no tax is to be paid because the income is too small, a cash lump-sum equal to the deduction is refunded to the parent. The deductions are provided until the child is 18 years old. The definition of lone parent in the tax system is identical to the one applied in the special lone-parent scheme.

PUBLIC SUPPORT AND MAINTENANCE PAYMENT

Maintenance payments from the non-custodial parent – the second main source of income for lone-parent families – is integrated with the NI-scheme in a rather complex way. Important to notice here is the role of the transitional allowance, not only as a minimum standard of income for lone parents, but also as an advance of a part of the maintenance payment from the non-custodial parent. The maintenance payment as well as the transitional allowance is administered by the State

All parents, whatever their status, have a legal obligation to maintain their dependants until the age of 18. The amount is usually settled jointly by the two parents. If not agreed upon, it is decided by the administrative officer of the county or, more rarely, by the court. The court decision is discretionary, taking into account the ability of the parents to pay, notably the non-custodial parent. There is, however, a minimum maintenance payment for the child or children that is required from the non-custodial parent.

Lone parents who are not granted a transitional allowance, usually those with a child above 10 years or with earnings above three times the basic amount, get the maintenance payment in full. Those who are granted a transitional allowance receive a "reduced" amount of the maintenance payment – the so-called minimum maintenance payment (NKr 770 per month in 1987) – which is equal for all recipients. (The payment corresponds to the minimum maintenance amount which the parents must agree upon). The amount in excess of the minimum – equal to or less than the transitional allowance – accrues to the NI scheme as a revenue. In rare instances, the maintenance payment may exceed the sum of the minimum payment and the "revenue" to the NI-scheme. This "surplus" is paid to the custodial parent and children. The transitional allowance serves as an advance from the State of the private maintenance payment from the absent parent in excess of the required minimum maintenance payment; the required minimum is also advanced by the State

through a separate channel. Technically, this arrangement guarantees the claims of the lone parent and child for maintenance payment from the non-custodial parent up to a relatively high level.

The transitional allowance was NKr 46 200 a year in 1987; the minimum NKr 9 240. If, for example, the maintenance payment from the non-custodial parent is NKr 55 440 a year (the sum of the transitional allowance and the minimum payment), the custodial parent receives this amount but nothing more. If the maintenance payment, for example, is NKr 24 000 a year, the custodial parent will receive this amount plus NKr 22 200, which is the difference between the maintenance payment and the transitional allowance plus NKr 9 240, which is the minimum payment. In the first example the custodial parent does not receive any transitional allowance at all. In the second example he or she receives NKr 22 200 of the transitional allowance.

The arrangement is organised with four parties involved – the one parent family, the non-custodial parent, the maintenance payment collector and the NI-board or the NI-offices. There are six money streams and the payment of money proceeds as follows: the local NI-offices pay the transitional allowance to the custodial parent once a month and make an advance payment of the minimum payment from a special scheme to the maintenance collector; the maintenance collector pays an amount equal to the minimum payment to the lone-parent family once a month; the maintenance payment from the non-custodial parent is paid to the maintenance collector who splits the amount into two parts – one part equal to the minimum payment which is transmitted to the special minimum payment scheme and the other part, the amount in excess of the minimum payment, which is transmitted to the NI-scheme. The local NI-office may take the initiative to get the rate of the maintenance payment changed if the office finds that the amount is not consistent with the parents' financial ability to pay.

The main objective of this arrangement is to guarantee the lone-parent family a stable minimum income irrespective of the ability or willingness of the other parent to pay. The arrangement was established in the NI-scheme in 1981. Previously unmarried mothers got the maintenance payment and the whole transitional allowance as well with no reduction. For separated and divorced parents however, another method applied. They also got the full maintenance payment from the non-custodial parent, and if the maintenance payment was less than the transitional allowance, payment from the NI-scheme met the difference. However, the arrangement did not work well. Some of the payments from the other parent were delayed or not paid at all. Frequent changes were made in the amount of payment by the local NI-offices, downwards or upwards. The implication of this was financial uncertainty for the custodial parent, who did not know the exact amount she or he was to be paid each month. Besides providing a guaranteed income to the lone parent, the new arrangement equalised the entitlements for all groups of lone parents and, simultaneously, made administration easier for the local NI-offices.

THE TARGET OF THE BENEFITS

Integrating the maintenance payment and the NI-scheme raises the question of who is the target for the benefits; the custodial parent or the child? The maintenance payment is granted according to the Childrens' Act, which regards the child as being entitled to benefits in its own right. Therefore, the maintenance payment is, in principle, targeted on

the child. A main principle in the Act is that the child is entitled to a share in the welfare of the parent with whom it is living as well as that of the other parent. This is ensured by taking into account the financial ability of both of them when assessing the amount of the maintenance payment. The transitional allowance, on the other hand, is granted in order to benefit the whole family. Because the transitional allowance is also an advance payment of the maintenance payment, the existing arrangements do not violate the principle of the Childrens' Act.

Critics of the arrangement, including the Lone Parent Association, allege that there is a conflict between the two Acts, reflecting different attitudes towards the child and the family. According to them, no benefit or supplement from the lone-parent scheme is provided directly to the child. The transitional allowance is only targeted to the parent as a minimum subsistence income, though benefiting the child as well. By applying the existing arrangement of integrating the transitional allowance and the maintenance payment, they allege that the State is taking money that legitimately belongs to the child and giving it to the parent for her or his support. At least some of them regard the maintenance payment as essentially a private issue where the amount of the payment, as far as possible, ought to be settled between the two parents without any interference by the State. State interference as practiced in Norway, it is alleged, may easily result in antagonism between the two parents and act as a "disincentive" upon the willingness of the non-custodial parent to pay an amount which exceeds the minimum payment. The validity of the arrangement has now been tried by the Supreme Court of Justice which confirmed its legality.

BENEFITS AND EARNINGS

Central to the lone-parent scheme is the notion of workforce participation. An underlying objective is that of self-support: the lone parent should be enabled to support her/himself through paid work. The objective may serve different purposes. Sometimes it is motivated by the argument that paid work will add to the national income, increase public revenue from taxation and reduce social security costs. (However, it may increase expenditure for other benefits, notably the allowance for child care and kindergartens.) Sometimes it is motivated by a regard for the individual lone parent and the family, the assumption being that she or he must have a real choice between staying at home and caring for the child or entering education or paid work or combining care and work or education. Workforce participation is also thought of as being especially favourable for lone parents since contact with workmates may reduce social isolation and thereby increase the well-being of the whole family. Another argument for combining paid work and caring is that part-time work may ease the transition to full-time work when the child grows older and the need for care is no longer essential.

The objective of self-support is exemplified by two different measures in the special lone-parent scheme: the tapered earnings disregard in the transitional allowance and earnings-related pension; special benefits such as the allowance for child-care and the education benefit. The tapered earnings disregard is arranged as follows: all lone parents have a disregard of half the basic amount where no benefit is withdrawn. Above that limit, however, the taper differs within the lone parent group depending on whether the beneficiaries are granted an earnings-related pension or a transitional allowance. Those widowed,

unmarried, separated and divorced persons who receive only a transitional allowance have their benefit tapered by about 62 per cent in the band of earnings between half and three times the basic amount. When earnings are above three times the basic amount, the whole benefit is withdrawn. The pension of those widowed is tapered by only 40 per cent above half the basic amount. The limit of withdrawal is also higher. For an average pension the limit is 4.7 times the basic amount and for a maximum pension, just above nine times.

The difference in the taper of 40 and 62 per cent that exists between groups of lone parents seems to be an unintended result of changes in the different components of the NI-scheme rather than the result of a thoroughly considered policy option. In the original NI-scheme from 1967, widows and ummarried persons were treated equally in this respect: all had their benefits reduced by 40 per cent. Divorced and separated persons were not integrated in the NI-scheme until 1981.

Discussing the issue of work incentives necessitates a broader perspective than simply focusing on the relationship between earnings and the transitional allowance or pension. The total effect of public policy must be considered, that is, other benefits in cash and kind and taxes must be taken into account.

The transitional allowance, the maintenance payment and earnings, if any, are all taxable income. NI-contributions are only levied on earnings. Low income groups are entitled to a special tax deduction, which is reduced "kroner for kroner" as income rises. Because of this deduction, lone parents relying only on a transitional allowance or on a small earnings-related pension usually do not pay any tax at all.

Adding taxation to the effect of the tapered earnings disregard reduces the amount gained by taking on paid work even more. The highest marginal rate of reduction – the effects of taxes and means-testing – is found within the band of earnings between half and three times the basic amount for those who receive only a transitional allowance. For this group the marginal rate of reduction on average is about 80 per cent or higher. In a narrow band of earnings just above half the basic amount, the marginal rate of reduction is more than 100 per cent. The reason for this is twofold: first, there is a disregard of earnings for NI-contributions close to the limit for the disregard of earnings in the transitional allowance. If earnings exceed the disregard, then the whole amount is taken into account. Secondly, there is the effect of reducing the deduction in income for those with low earnings. On earnings just above three times the basic amount where the transitional allowance is completely withdrawn, the marginal rate decreases to about 35 per cent.

The marginal rate of reduction for those granted an earnings-related pension is on average smaller than for other lone parents: about 67 per cent for a person with a fairly modest earnings-related pension combined with earnings below three times the basic amount. For those with maximum pension, the reduction is even smaller at below 60 per cent. However, if the pension is combined with high earnings, the marginal rate may easily amount to 70-80 per cent. On such a level of income the effect of the progressive tax rate adds heavily to the taper in the earnings-related pension.

The housing allowance, which is available to all families with children, is means-tested and is totally withdrawn when earnings are close to three times the basic amount. Lone parents, however, are more frequently granted this benefit than other families; the majority of them are probably granted transitional allowances as well. For a lone parent with earnings just below three times the basic amount the total effect of the tapered disregard in the transitional allowance, taxation and reduction in the housing allowance may reduce income by as much as 85 per cent. Charges paid by lone parents for children in kindergartens are also means-tested. So too are most benefits granted to lone parents by local authorities (earnings-related pension, supplements for children, housing supplements, and

so on). These benefits are usually withdrawn if the lone parent enters into regular paid work. Paid work away from home also incurs expenditures for most people such as the cost of clothes and transport. In sum, then, lone parents, and notably those who are granted a transitional allowance combined with earnings between half and three times the basic amount may easily find that paid work does not contribute to any increase at all in their total disposable income.

Taxation and means-testing of benefits not only affect lone parents who combine part-time work and care, but also those totally without paid work or working full-time. Some of them may want to work part-time but abstain from doing so because it is financially not worthwhile. The precise effect, however, on the labour-market behaviour of lone parents is not known. Generally, individual labour-market behaviour is governed by two considerations having opposite effects: the income effect and the substitution effect. Which of these has the stronger influence on individual decision-making is impossible to ascertain *a priori*. A few figures, however, may shed some light on the choices between paid work and care made by this group: about 15 per cent of unmarried lone parents combine work and a transitional allowance; 65 per cent are granted a full transitional allowance; 20 per cent do not receive such benefit at all. The corresponding figures for separated and divorced parents are 18 per cent (combined work and benefit), 45 per cent (transitional allowance only) and 37 per cent (no allowance); for the widowed, including those entitled to a transitional allowance and a pension as well, 41 per cent (combine work and benefit), 49 per cent (transitional allowance/pension only) and 10 per cent (no allowance or pension). Of the widowed who receive the transitional allowance, 24.5 per cent are working part-time, whereas 52 per cent of the "pensioners" are now doing so.

Lone mothers participate in paid work just as much as do married women. However, lone mothers work full-time more frequently than do married mothers. Cohabiting mothers' participation pattern is similar to that of married mothers. Lone mothers, however, are more frequently out of the work force when they have a child under 3 years than are married mothers. The differences in the patterns of workforce participation between lone mothers and married mothers increase as the child grows older. Most married mothers continue to work part-time whereas most lone parents enter full-time work.

The education benefit corresponds closest to the aim of self-support. However, only a small fraction of single parents apply for it. This may be due to the rather woolly terms of the aims of the benefit and the way it operates. First, only "less educated" persons are entitled to receive it, and it is granted only for vocational training. In terms of education, however, lone parents are not a homogenous group. A great many who are in need of extra education or training of some sort are therefore excluded. Second, the purpose of the benefit is not quite clear. Is it to make the lone parent fully independent of public support or is it to encourage combining public support and work? Neither is it clear which kind of public support is to be replaced by work and earnings which result from the training. Because the education benefit is granted until the child is 18 years old, the intention obviously must be more than just having earnings replace the transitional allowance, which is granted until the child is 10 years old. On the other hand, granting educational benefits without simultaneously providing transitional allowances or similar benefits and allowances for child-care makes the education benefit more illusory than real. Certainly, the lone parent may be granted support from "*Statens Lanekasse*", which is available for all students. The major part of this, however, is in the form of loans which have to be repaid in instalments during a certain period of time after education comes to an end. This may be difficult for most lone parents, partly because of their often scarce financial resources and partly because the kind of work the lone parent is encouraged to take on by the education benefit is generally rather

low paid. Third, the means-testing of the benefit may be questioned. Lone parents who are able to support themselves by their own paid work are not entitled to education benefits. The level of self-support is defined by the NI-Administration as equal to three times the basic amount. A lone parent with earnings above this amount is regarded as being self-supporting and, accordingly, not entitled to the benefit. To be entitled to the benefit, therefore, the lone parent may be forced to reduce earnings by working less or not working at all.

THE ADEQUACY OF BENEFITS

The guaranteed minimum level of income in the single-parent scheme (which is equal to the transitional allowance and almost equal to the level of the minimum pension in the NI-scheme) is not related to any subsistence income or poverty level concept. The amount is established on a discretionary basis where political as well as economic factors are taken into account. The ratio of minimum pension to average gross earnings for a single person engaged in manual industrial work is now about 35 per cent. Usually, the transitional allowance is adjusted once a year in line with changes in real wages, that is, the difference in growth in nominal wages and prices. The earnings-related pension has a somewhat different purpose than the transitional allowance: the aim is to provide or maintain a certain standard of living not too different from that which the person was used to before becoming a widow or a widower.

One way to address the issue of the adequacy of the support is to focus upon the ratio of benefit to expenditure. This method was used in a study covering lone parents in Oslo, and preliminary results indicated that lone parents do have expenditures which far exceed the amount they receive in benefits. The transitional allowance covers 64 per cent of what is regarded as reasonable expenditures. This figure applies to a lone parent with one child (2 years old) or a lone parent with two children (3-7 years old). Housing costs are not accounted for. If these costs are included and calculated as 30 per cent of income, then only 56 per cent of reasonable expenditures are covered. The child benefit, housing allowance, if any, and support from local authorities raise the percentage. In comparison, the ratio of benefit to expenditure for a young disabled male is 70 per cent and for a single person or couple above 71 years old between 90 and 100 per cent.

An alternative method is to use the number of lone parents who receive social assistance as an indicator of adequacy. A study covering a sample of municipalities clearly demonstrated that the number of social assistance recipients who simultaneously receive other benefits in cash, mostly NI-benefits, increased rapidly during the 1980s. The major part of them are lone parents, mostly women. In 1985, 60 per cent of lone parents granted transitional allowance received social assistance as well. About half of them spent more than 40 per cent of their income on housing. Lone parents, however, do not spend more on housing than other groups, but their income is lower. In comparison, only 0.5 per cent of old age pensioners were granted social assistance, four per cent of disability pensioners, seven per cent of unemployed persons and 16 per cent of those receiving rehabilitation benefits. The character of social assistance as a means-tested benefit of last resort probably reduces the proportion of take up and thus underestimates the actual number in need of supplements.

Applying a relative measure such as the number of lone parents with a disposable income per family unit below 50 per cent of average disposable income confirms the previous findings, showing that lone parents are more needy than most other groups. According to this measure, lone parents are ranked as third among those being most at risk of poverty after single persons 16-24 years old and long-term unemployed persons (figures from 1980). The figures in this latter study apply to all lone parents and not only to those with a child below 10 years old who are entitled to transitional allowance.

To conclude, the level of support and means-testing of benefits probably catch many lone parents in a poverty trap characterised by low income and poor prospects of improving their financial situation by combining care and paid work. Instead of offering lone parents a genuine choice between various options, the support system may encourage or force them to apply for social assistance or to seek employment in the black market economy.

EQUITY AND INCOME DISTRIBUTION

The NI-scheme does not make any clear statement about the desired distribution of income for lone parents neither within the lone-parent group nor relative to other family units. A brief look at the lone-parent scheme described in the previous sections shows a rather heterogeneous pattern of support. Some categories of lone parents are treated more favourably than others, depending on the route into lone parenthood, the age of the child and the earnings of the parent. Studies clearly indicate, however, that the kind and amount of public support granted to various groups of lone parents does not necessarily correspond to their actual needs.

Most notable, perhaps, is the case of unmarried parents, usually mothers, who are less frequently in paid work than other lone parents. Their relatively low level of workforce participation may result from the fact that unmarried mothers are on average younger than other lone parents and, as a consequence, usually have had less work experience before becoming a parent. They also have fewer but younger children on average than other lone parents. However, when unmarried mothers do work in paid employment, their earnings are nearly as high as those of the separated and divorced. In addition, unmarried mothers are generally entitled to a smaller amount of maintenance payment because the non-custodial parent in these cases is usually lower paid than other absent parents. Moreover, the unmarried mother is at greater risk of not getting any maintenance payment at all. They also seem to be worse off with regard to quality of housing and level of education.

Generally, unmarried mothers seem to be most disadvantaged and widows and lone fathers least so, with separated and divorced mothers falling somewhere in between. Those widowed, however, have the most generous entitlements and receive most in support from the NI-scheme. Unmarried, separated and divorced parents have identical entitlements. Because unmarried parents are more in need, they receive more from the scheme as a group compared to separated and divorced parents. Lone fathers are least dependent on public support: they participate to a much larger extent in paid work than do lone-mothers – almost at the same rate as other fathers. Despite support schemes, major differences in average disposable income per consumer unit (DIH) remain: in 1980, the DIH of households headed by unmarried parents was only 57 per cent of that of the widowed (NKr 19 200 to 33 600 respectively).

Studies also indicate that cohabiting couples with children are less needy on average than a parent who is the only adult in the family; the former are more in line with married couples regarding workforce participation and level of earnings. According to the definition of lone parents, however, cohabiting adults with a biological child of only one of the adults have identical entitlements to a solo custodial parent. This suggests that the group of cohabiting "lone" parents receive more favourable treatment than do married couples and other lone parents – if the other cohabiting parent is in paid work. This presupposes, however, that there is a sharing of resources in the household, a condition that does not always apply.

Table 12.1 compares the households' disposable income (HDI) per consumer unit for lone parents and couples with children. Table 12.2 shows the HDI within the lone-parent group according to sex and labour force status. The tables include unmarried, separated and divorced parents exclusively. The definition of lone parents used in the tables is somewhat different from the one used by the NI-scheme as it only includes those living alone with their offspring. Unfortunately, the tables do not make any distinction between parents with children below and above age ten up to age eighteen.

Table 12.1. **Average disposable income per consumer unit in NKr of couples with children and lone parents, 1982**

Couples with a child	44 687
Lone parents	38 576
Lone fathers	51 843
Lone mothers	34 304

Table 12.2. **Average disposable income per consumer unit in NKr for lone parents by sex and labour force status, 1982**

Lone fathers	
with 1 child	53 715
with 2 or more children	50 613
Lone mothers in paid work with 1 child	49 649
with 2 or more children	35 971
Lone mothers not in paid work with 1 child	25 068
with 2 or more children	20 298

Lone parent households have a considerably lower HDI than couples with children (Table 12.1). However, when separated by sex of the head of household, lone mothers drop even further behind whereas lone fathers surpass couples in income.

Table 12.1 and, more clearly, Table 12.2 demonstrate the large dispersion of income within the lone-parent group. Although not evident from the tables, it is even greater than the dispersion among couples with children. Big differences are found between lone mothers in paid work with one and two or more children respectively. This may reflect the likelihood that lone mothers with two or more children are working part-time, whereas those with only one child may work full-time more often. Moreover, lone mothers who are in paid work are substantially better off than those who are not, and who depend for the most part on public support. Public support is far from being sufficient to level out the difference in income either within the lone-parent group or between lone parents and couples with children.

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Few families are more economically vulnerable than lone-parent families, particularly when headed by the mother. This publication analyses for the first time the demographic evidence relating to the dramatic growth of such families in OECD countries, and examines the case for public intervention in a number of areas, including child support by the non-custodial parent, access to earnings for the custodial parent, child-care arrangements, and public income maintenance measures.

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